

ANNUAL FINANCIAL REPORT
HOUSTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Houston County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Houston County as of and for the year ended June 30, 2019.

Results

Our report on the business-type activities and the Houston County Community Hospital Fund, a major enterprise fund, is adverse because the financial statements of the hospital were not available from other auditors at the date of this report. Our report on the governmental activities, the aggregate discretely presented component units, each major fund (except the Houston County Community Hospital Fund), and the aggregate remaining fund information is unmodified.

Our audit resulted in seven findings and recommendations, which we have reviewed with Houston County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General and General Debt Service funds required material audit adjustments for proper financial statement presentation.
- ◆ The General Debt Service Fund had a deficit in unassigned fund balance at June 30, 2019.
- ◆ Revenue anticipation notes were not retired before the end of the fiscal year.
- ◆ Funds were transferred from the General Fund to the General Debt Service Fund without county commission approval.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

- ◆ Appropriations exceeded estimated available funds.
-

**AMBULANCE SERVICE AND OFFICES OF COUNTY CLERK AND CIRCUIT,
GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

- ◆ Duties were not segregated adequately.
-

HOUSTON COUNTY

- ◆ Houston County Emergency Medical Services and Houston County Community Hospital are currently being investigated.

INTRODUCTORY SECTION

Houston County Officials

June 30, 2019

Officials

James Bridges, County Mayor
George Dew, Road Superintendent
Kris McAskill, Director of Schools
Jimmy Lowery, Trustee
Joy Hooper, Assessor of Property
Robert Brown, County Clerk
Donna Vincent, Circuit, General Sessions, and Juvenile Courts Clerk
Patsy Brooks, Clerk and Master
Sherrill Moore, Register of Deeds
Kevin Sugg, Sheriff

Board of County Commissioners

James Bridges, County Mayor, Chairman	
William Agy	Darrell Kingsmill
Glenn Baggett	Brant Lamastus
Joey Brake	Chris Pitts
Ann Fielder	Vickie Reedy
Randall French	Howard Spurgeon
Tony Hayes	Lance Uffelman
Steve Hall	Danny Warren

Board of Education

Jeff Mathis, Chairman	Miller Moore
Amanda Fansler	Amanda Popp
Charlie Ligon	Bruce Skelton
Travis Mitchell	

Audit Committee

Joey Brake, Chairman	Brant Lamastus
Steve Hall	Chris Pitts

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Houston County Mayor and
Board of County Commissioners
Houston County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Adverse
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Houston County Community Hospital Fund	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinions on Business-type Activities and Major Enterprise Fund

As discussed in Note I., the financial statements of the Houston County Community Hospital, a major enterprise fund, and the entire business-type activities, had not been made available by other auditors as of the date of this report. Accordingly, the financial statements referred to above do not include amounts for the business-type activities and the Houston County Community Hospital, a major enterprise fund, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the business-type activities and the Houston County Community Hospital, a major enterprise fund, are not reasonably determinable.

Adverse Opinions

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinions on Business-type Activities and Major Enterprise Fund” paragraph, the financial statements referred to above do not present fairly the financial position of the business-type activities of Houston County, Tennessee, as of June 30, 2019, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, because of the significance of the matter described in the “Basis for Adverse Opinions on Business-type Activities and Major Enterprise Fund” paragraph, the financial statements referred to above do not present fairly the financial position of the Houston County Community Hospital, a major enterprise fund of Houston County, Tennessee, as of June 30, 2019, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund (except for the Houston County Community Hospital, a major enterprise fund), and the aggregate remaining fund information of Houston County, Tennessee, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of school contributions, schedules of school's proportionate share of the net pension assets, and schedule of school changes in the total OPEB liability and related ratios - other postemployment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Houston County School Department (a discretely presented component unit), miscellaneous schedules, and other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

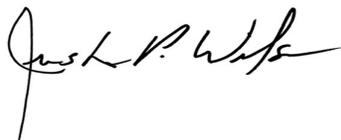
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Houston County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Houston County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2020, on our consideration of Houston County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Houston County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houston County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 24, 2020

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Houston County, Tennessee
Statement of Net Position
June 30, 2019

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Houston County School Department</u>
<u>ASSETS</u>		
Cash	\$ 12,592	\$ 714
Equity in Pooled Cash and Investments	1,174,425	4,090,225
Accounts Receivable	1,402,817	0
Allowance for Uncollectibles	(807,112)	0
Due from Other Governments	499,301	132,892
Due from Component Unit	104,021	0
Property Taxes Receivable	3,771,029	751,370
Allowance for Uncollectible Property Taxes	(150,420)	(29,971)
Accrued Interest Receivable	0	23,907
Net Pension Asset - Teacher Retirement Plan	0	33,037
Net Pension Asset - Teacher Legacy Plan	0	502,933
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	20,332
Capital Assets:		
Assets Not Depreciated:		
Land	758,609	483,220
Construction in Progress	6,605	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,273,434	5,936,978
Infrastructure	1,657,960	0
Other Capital Assets	1,929,232	1,159,694
Total Assets	<u>\$ 14,632,493</u>	<u>\$ 13,105,331</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 352,601	\$ 0
Pension Changes in Experience	0	103,531
Pension Changes in Assumptions	0	298,594
Pension Changes in Proportion	0	37,425
Pension Contributions After Measurement Date	0	508,314
OPEB Changes in Assumptions	0	20,146
OPEB Changes in Proportion	0	3,910
OPEB Contributions After Measurement Date	0	64,065
Total Liabilities	<u>\$ 352,601</u>	<u>\$ 1,035,985</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 116,447	\$ 76,636
Payroll Deductions Payable	0	111,277
Accrued Interest Payable	66,787	0
Due to Primary Government	0	104,021
Noncurrent Liabilities:		
Due Within One Year - Debt	1,247,706	0
Due Within One Year - Other	179,578	0
Due in More Than One Year - Debt	14,093,191	0
Due in More Than One Year - Other	472,080	640,100
Total Liabilities	<u>\$ 16,175,789</u>	<u>\$ 932,034</u>

(Continued)

Exhibit A

Houston County, Tennessee
Statement of Net Position (Cont.)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Houston County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 3,426,975	\$ 682,818
Pension Changes in Experience	0	679,812
Pension Changes in Investment Earnings	0	111,325
Pension Changes in Proportion	0	9,962
OPEB Changes in Experience	0	86,731
OPEB Changes in Assumptions	0	25,031
Total Deferred Inflows of Resources	<u>\$ 3,426,975</u>	<u>\$ 1,595,679</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 5,887,236	\$ 7,579,892
Restricted for:		
General Government	12,086	0
Finance	5,074	0
Administration of Justice	29,804	0
Public Safety	259,568	0
Public Health and Welfare	97,901	0
Highway/Public Works	442,326	0
Capital Outlay	48,178	88,935
Debt Service	329,523	0
Education	0	5,840
Operation of Non-instructional Services	0	265,615
Hybrid Retirement Stabilization Funds	0	20,332
Pensions	0	535,970
Unrestricted	<u>(11,729,366)</u>	<u>3,117,019</u>
Total Net Position	<u>\$ (4,617,670)</u>	<u>\$ 11,613,603</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Houston County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Total	Houston
					Governmental	County
					Activities	School
						Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,231,961	\$ 55,158	\$ 154,708	\$ 24,000	\$ (998,095)	\$ 0
Finance	420,418	250,738	0	0	(169,680)	0
Administration of Justice	411,742	136,466	8,876	0	(266,400)	0
Public Safety	2,041,338	139,654	187,454	107,146	(1,607,084)	0
Public Health and Welfare	1,375,861	751,385	28,648	52,006	(543,822)	0
Social, Cultural, and Recreational Services	177,091	14,857	568	0	(161,666)	0
Agriculture and Natural Resources	57,484	0	0	0	(57,484)	0
Highway/Public Works	2,410,941	0	1,791,159	398,516	(221,266)	0
Education	115,882	0	0	0	(115,882)	0
Interest on Long-term Debt	535,590	0	495,773	0	(39,817)	0
Total Primary Government	\$ 8,778,308	\$ 1,348,258	\$ 2,667,186	\$ 581,668	\$ (4,181,196)	\$ 0
Component Unit:						
Houston County School Department	\$ 12,841,388	\$ 284,213	\$ 1,870,050	\$ 115,882	\$ 0	\$ (10,571,243)
Total Component Unit	\$ 12,841,388	\$ 284,213	\$ 1,870,050	\$ 115,882	\$ 0	\$ (10,571,243)

(Continued)

Exhibit B

Houston County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Total	Houston County School Department
					Governmental Activities	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,161,075	\$ 698,646
Property Taxes Levied for Debt Service					338,997	0
Local Option Sales Taxes					96,717	641,424
Hotel/Motel Tax					16,395	0
Wheel Tax					504,924	0
Litigation Tax					17,592	0
Business Tax					11,970	17,955
Wholesale Beer Tax					21,187	0
Grants and Contributions Not Restricted to Specific Programs					374,430	9,444,174
Unrestricted Investment Income					0	7,237
Miscellaneous					163,200	77,557
Total General Revenues					<u>\$ 4,706,487</u>	<u>\$ 10,886,993</u>
Special Item					\$ 8,991	\$ 0
Transfers					<u>(895,501)</u>	<u>0</u>
Change in Net Position					\$ (361,219)	\$ 315,750
Net Position, July 1, 2018					<u>(4,256,451)</u>	<u>11,297,853</u>
Net Position, June 30, 2019					<u>\$ (4,617,670)</u>	<u>\$ 11,613,603</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Houston County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 12,592	\$ 12,592
Equity in Pooled Cash and Investments	253,426	397,900	138,948	384,151	1,174,425
Accounts Receivable	1,402,781	0	0	36	1,402,817
Allowance for Uncollectibles	(807,112)	0	0	0	(807,112)
Due from Other Governments	184,430	305,607	9,264	0	499,301
Due from Other Funds	181,512	0	24,925	75,150	281,587
Property Taxes Receivable	2,825,253	14,177	631,920	299,679	3,771,029
Allowance for Uncollectible Property Taxes	(110,271)	(566)	(20,358)	(19,225)	(150,420)
Total Assets	\$ 3,930,019	\$ 717,118	\$ 784,699	\$ 752,383	\$ 6,184,219
<u>LIABILITIES</u>					
Accounts Payable	\$ 115,726	\$ 720	\$ 0	\$ 0	\$ 116,446
Payroll Deductions Payable	0	0	0	1	1
Accrued Interest Payable	0	0	25,208	0	25,208
Due to Other Funds	24,850	0	255,000	1,737	281,587
Total Liabilities	\$ 140,576	\$ 720	\$ 280,208	\$ 1,738	\$ 423,242
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,576,673	\$ 12,883	\$ 592,635	\$ 244,784	\$ 3,426,975
Deferred Delinquent Property Taxes	122,856	647	16,817	31,690	172,010
Other Deferred/Unavailable Revenue	552,443	149,715	4,666	0	706,824
Total Deferred Inflows of Resources	\$ 3,251,972	\$ 163,245	\$ 614,118	\$ 276,474	\$ 4,305,809

(Continued)

Exhibit C-1

Houston County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 4,414	\$ 0	\$ 0	\$ 0	\$ 4,414
Restricted for Finance	5,074	0	0	0	5,074
Restricted for Administration of Justice	29,804	0	0	0	29,804
Restricted for Public Safety	30,158	0	0	229,410	259,568
Restricted for Public Health and Welfare	0	0	0	66,211	66,211
Restricted for Other Operations	3,006	0	0	0	3,006
Restricted for Highways/Public Works	0	315,866	0	0	315,866
Restricted for Capital Outlay	0	0	0	255	255
Restricted for Capital Projects	0	0	0	47,923	47,923
Committed:					
Committed for General Government	0	0	0	406	406
Committed for Finance	0	0	0	12,222	12,222
Committed for Public Health and Welfare	0	0	0	117,744	117,744
Committed for Highways/Public Works	0	237,287	0	0	237,287
Unassigned	465,015	0	(109,627)	0	355,388
Total Fund Balances	\$ 537,471	\$ 553,153	\$ (109,627)	\$ 474,171	\$ 1,455,168
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,930,019	\$ 717,118	\$ 784,699	\$ 752,383	\$ 6,184,219

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Houston County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	1,455,168
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	758,609	
Add: construction in progress		6,605	
Add: buildings and improvements net of accumulated depreciation		4,273,434	
Add: infrastructure net of accumulated depreciation		1,657,960	
Add: other capital assets net of accumulated depreciation		<u>1,929,232</u>	8,625,840
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,946,902)	
Less: other loans payable		(6,222,248)	
Less: bonds payable		(7,067,726)	
Less: capital lease payable		(104,021)	
Add: debt to be contributed by the school department		104,021	
Add: deferred amount on refunding		352,601	
Less: accrued interest payable		(41,579)	
Less: compensated absences payable		(22,218)	
Less: landfill closure/postclosure care costs		<u>(629,440)</u>	(15,577,512)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>878,834</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(4,617,670)</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Houston County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,673,926	\$ 13,064	\$ 832,077	\$ 665,973	\$ 4,185,040
Licenses and Permits	208	0	0	0	208
Fines, Forfeitures, and Penalties	32,816	0	0	4,818	37,634
Charges for Current Services	659,090	0	0	73,137	732,227
Other Local Revenues	44,141	1,567	0	142,762	188,470
Fees Received From County Officials	308,848	0	0	0	308,848
State of Tennessee	563,571	2,161,239	50,246	61,096	2,836,152
Federal Government	135,828	0	0	48,561	184,389
Other Governments and Citizens Groups	190,840	0	520,109	3,465	714,414
Total Revenues	\$ 4,609,268	\$ 2,175,870	\$ 1,402,432	\$ 999,812	\$ 9,187,382
<u>Expenditures</u>					
Current:					
General Government	\$ 896,702	\$ 0	\$ 0	\$ 0	\$ 896,702
Finance	303,151	0	0	68,396	371,547
Administration of Justice	376,388	0	0	0	376,388
Public Safety	1,499,133	0	0	106,855	1,605,988
Public Health and Welfare	836,978	0	0	551,276	1,388,254
Social, Cultural, and Recreational Services	148,094	0	0	0	148,094
Agriculture and Natural Resources	52,877	0	0	0	52,877
Other Operations	598,187	0	0	33,069	631,256
Highways	0	2,355,652	0	0	2,355,652
Debt Service:					
Principal on Debt	0	57,553	1,107,090	0	1,164,643
Interest on Debt	8,235	5,697	486,107	2,610	502,649
Other Debt Service	0	0	16,011	0	16,011

(Continued)

Exhibit C-3

Houston County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 200,508	\$ 0	\$ 0	\$ 128,901	\$ 329,409
Total Expenditures	\$ 4,920,253	\$ 2,418,902	\$ 1,609,208	\$ 891,107	\$ 9,839,470
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ (310,985)	\$ (243,032)	\$ (206,776)	\$ 108,705	\$ (652,088)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 221,000	\$ 0	\$ 0	\$ 830,000	\$ 1,051,000
Other Loans Issued	0	0	0	115,882	115,882
Insurance Recovery	12,086	0	0	0	12,086
Transfers Out	0	0	0	(895,501)	(895,501)
Total Other Financing Sources (Uses)	\$ 233,086	\$ 0	\$ 0	\$ 50,381	\$ 283,467
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2018	\$ 615,370	\$ 796,185	\$ 97,149	\$ 315,085	\$ 1,823,789
Fund Balance, June 30, 2019	\$ 537,471	\$ 553,153	\$ (109,627)	\$ 474,171	\$ 1,455,168

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Houston County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	(368,621)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$	608,327
Less: current-year depreciation expense		<u>(595,394)</u>
		12,933
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of capital assets disposed		(88,968)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	878,834
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(730,781)</u>
		148,053
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: other loan proceeds	\$	(115,882)
Less: note proceeds		(1,051,000)
Less: change in deferred amount on refunding debt		(18,401)
Add: principal payments on notes		333,250
Add: principal payments on other loans		679,572
Add: principal payments on bonds		119,985
Add: principal payments on capital lease		31,836
Less: contributions from the school department for the capital lease		<u>(31,836)</u>
		(52,476)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$	(14,540)
Change in compensated absences payable		3,061
Change in net OPEB liability		8,590
Change in deferred inflows related to OPEB		401
Change in landfill closure/postclosure care costs		<u>(9,652)</u>
		(12,140)
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(361,219)</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,673,926	\$ 2,905,485	\$ 2,905,485	\$ (231,559)
Licenses and Permits	208	0	0	208
Fines, Forfeitures, and Penalties	32,816	34,100	34,100	(1,284)
Charges for Current Services	659,090	638,300	638,300	20,790
Other Local Revenues	44,141	62,000	98,597	(54,456)
Fees Received From County Officials	308,848	297,500	297,500	11,348
State of Tennessee	563,571	1,132,788	1,416,651	(853,080)
Federal Government	135,828	0	1,500	134,328
Other Governments and Citizens Groups	190,840	161,000	161,000	29,840
Total Revenues	\$ 4,609,268	\$ 5,231,173	\$ 5,553,133	\$ (943,865)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 78,444	\$ 38,086	\$ 82,793	\$ 4,349
Board of Equalization	1,039	1,748	1,748	709
Budget and Finance Committee	2,880	3,350	3,350	470
Other Boards and Committees	15,794	22,323	22,323	6,529
County Mayor/Executive	156,222	161,108	161,108	4,886
County Attorney	25,000	25,625	25,849	849
Election Commission	174,712	165,493	206,839	32,127
Register of Deeds	98,170	100,886	100,886	2,716
Development	245,341	396,003	396,003	150,662
Planning	10,660	11,266	11,266	606
Building	6,129	7,500	6,724	595
County Buildings	62,342	82,441	67,822	5,480
Other General Administration	19,969	23,000	21,706	1,737
<u>Finance</u>				
Central Services	13,951	16,498	16,498	2,547
Property Assessor's Office	94,498	98,266	98,266	3,768
Reappraisal Program	6,496	8,567	8,567	2,071
County Trustee's Office	115,997	119,452	119,452	3,455
County Clerk's Office	65,678	84,758	84,758	19,080
Data Processing	568	638	638	70
Other Finance	5,963	20,000	20,000	14,037
<u>Administration of Justice</u>				
Circuit Court	142,060	150,022	150,022	7,962
General Sessions Judge	63,484	63,802	63,802	318
Chancery Court	104,899	114,589	114,589	9,690
Juvenile Court	47,423	51,997	65,801	18,378
District Attorney General	2,586	1,293	2,587	1
Judicial Commissioners	14,137	14,945	14,945	808
Other Administration of Justice	0	1,097	1,097	1,097
Courtroom Security	1,799	0	4,813	3,014
<u>Public Safety</u>				
Sheriff's Department	455,658	533,187	538,668	83,010
Special Patrols	5,723	4,658	5,887	164
Drug Enforcement	2,250	3,000	3,000	750
Administration of the Sexual Offender Registry	450	2,000	771	321

(Continued)

Exhibit C-5

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Jail	\$ 600,735	\$ 622,975	\$ 620,231	\$ 19,496
Fire Prevention and Control	92,307	81,287	101,120	8,813
Rural Fire Protection	3,425	6,908	6,308	2,883
Civil Defense	828	0	2,100	1,272
Rescue Squad	115,559	0	115,750	191
Other Emergency Management	199,500	223,913	223,562	24,062
County Coroner/Medical Examiner	22,698	17,000	22,700	2
<u>Public Health and Welfare</u>				
Local Health Center	27,259	37,297	255,462	228,203
Ambulance/Emergency Medical Services	764,213	764,762	770,542	6,329
Maternal and Child Health Services	0	1,648	1,648	1,648
Sanitation Education/Information	39,631	44,200	44,200	4,569
Waste Pickup	5,875	0	17,563	11,688
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	13,165	13,165	13,165	0
Libraries	115,919	119,801	119,801	3,882
Parks and Fair Boards	3,610	4,500	4,500	890
Other Social, Cultural, and Recreational	15,400	15,400	15,400	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	43,479	43,015	43,589	110
Forest Service	1,500	1,500	1,500	0
Soil Conservation	7,898	8,502	8,502	604
<u>Other Operations</u>				
Tourism	11,393	50,486	13,793	2,400
Industrial Development	21,573	170,000	170,000	148,427
Airport	51,951	58,104	58,104	6,153
Veterans' Services	20,709	21,360	21,360	651
Other Charges	46,697	60,000	60,000	13,303
Employee Benefits	250,997	282,000	282,000	31,003
Payments to Cities	9,547	10,000	10,000	453
Miscellaneous	185,320	167,571	187,207	1,887
<u>Principal on Debt</u>				
General Government	0	300,000	0	0
<u>Interest on Debt</u>				
General Government	8,235	9,000	9,000	765
<u>Capital Projects</u>				
General Administration Projects	706	12,000	12,000	11,294
Public Health and Welfare Projects	126,131	0	126,131	0
Social, Cultural, and Recreation Projects	2,940	0	23,869	20,929
Other General Government Projects	70,731	0	71,000	269
Total Expenditures	\$ 4,920,253	\$ 5,473,992	\$ 5,854,685	\$ 934,432
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (310,985)	\$ (242,819)	\$ (301,552)	\$ (9,433)
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 300,000	\$ 0	\$ 0

(Continued)

Exhibit C-5

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>				
Notes Issued	\$ 221,000	\$ 221,000	\$ 221,000	\$ 0
Insurance Recovery	12,086	0	11,086	1,000
Total Other Financing Sources	<u>\$ 233,086</u>	<u>\$ 521,000</u>	<u>\$ 232,086</u>	<u>\$ 1,000</u>
Net Change in Fund Balance	\$ (77,899)	\$ 278,181	\$ (69,466)	\$ (8,433)
Fund Balance, July 1, 2018	<u>615,370</u>	<u>404,996</u>	<u>404,996</u>	<u>210,374</u>
Fund Balance, June 30, 2019	<u>\$ 537,471</u>	<u>\$ 683,177</u>	<u>\$ 335,530</u>	<u>\$ 201,941</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Houston County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,064	\$ 14,204	\$ 14,204	\$ (1,140)
Other Local Revenues	1,567	1,000	1,000	567
State of Tennessee	2,161,239	1,902,851	2,095,557	65,682
Total Revenues	<u>\$ 2,175,870</u>	<u>\$ 1,918,055</u>	<u>\$ 2,110,761</u>	<u>\$ 65,109</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 169,974	\$ 174,089	\$ 175,379	\$ 5,405
Highway and Bridge Maintenance	1,081,510	937,404	1,155,425	73,915
Operation and Maintenance of Equipment	314,742	209,362	343,712	28,970
Other Charges	60,585	64,471	68,247	7,662
Employee Benefits	233,485	243,821	246,295	12,810
Capital Outlay	495,356	437,885	618,608	123,252
<u>Principal on Debt</u>				
Highways and Streets	57,553	56,809	57,553	0
<u>Interest on Debt</u>				
Highways and Streets	5,697	7,220	6,476	779
Total Expenditures	<u>\$ 2,418,902</u>	<u>\$ 2,131,061</u>	<u>\$ 2,671,695</u>	<u>\$ 252,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (243,032)</u>	<u>\$ (213,006)</u>	<u>\$ (560,934)</u>	<u>\$ 317,902</u>
Net Change in Fund Balance	\$ (243,032)	\$ (213,006)	\$ (560,934)	\$ 317,902
Fund Balance, July 1, 2018	<u>796,185</u>	<u>499,148</u>	<u>796,185</u>	<u>0</u>
Fund Balance, June 30, 2019	<u>\$ 553,153</u>	<u>\$ 286,142</u>	<u>\$ 235,251</u>	<u>\$ 317,902</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D

Houston County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 170,208
Due from Other Governments	<u>94,470</u>
Total Assets	<u>\$ 264,678</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 94,470
Due to Litigants, Heirs, and Others	<u>170,208</u>
Total Liabilities	<u>\$ 264,678</u>

The notes to the financial statements are an integral part of this statement.

HOUSTON COUNTY, TENNESSEE

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HOUSTON COUNTY, TENNESSEE
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HOUSTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Houston County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except for the business-type activities and Houston County Community Hospital major fund, which have been omitted because the financial statements of the Houston County Community Hospital, a major enterprise fund, and the entire business-type activities, had not been made available by other auditors as of the date of this report. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Houston County:

A. Reporting Entity

Houston County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Houston County (the primary government) and its component units. The financial statements of the Houston County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Houston County School Department operates the public school system in the county, and the voters of Houston County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Houston County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Houston County, and the Houston County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Houston County Emergency

Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Houston County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Houston County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Houston County Emergency Communications District
P.O. Box 333
Erin, TN 37061

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Houston County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Houston County issues all debt for the discretely presented Houston County School Department. Net debt issues totaling \$115,882 were contributed by the county to the school department during the year ended June 30, 2019.

Separate financial statements are provided for governmental funds the proprietary fund (enterprise), and fiduciary funds. The fiduciary funds are

excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Houston County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Houston County only reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Houston County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Houston County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s highway department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Houston County reports the following major proprietary fund:

Houston County Community Hospital Fund – This fund provides health care and emergency medical services to the citizens of Houston County and is governed by the county commission. The Houston County Community Hospital is reported as an enterprise fund. The financial statements of the Houston County Community Hospital were not available from other auditors in time for inclusion in this report, as previously mentioned.

Additionally, Houston County reports the following fund types:

Capital Projects Funds – These funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Houston County. Agency funds are custodial in nature (assets equal liabilities)

and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Houston County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the school department. It is used to account for general operations of the school department.

Additionally, the Houston County School Department reports the following fund type:

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position /Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer’s Investment Pool; the State Treasurer’s Intermediate Term investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Houston County Community Hospital, enterprise fund) and the discretely presented Houston County School Department. Each fund’s portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the discretely presented school department’s General Purpose School Fund. Houston County (excluding the Houston County

Community Hospital, enterprise fund) and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pooled complied with accounting principles generally accepted in the United State of America.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.15 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable

that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Houston County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Houston County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Houston County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Primary Government	Houston County School Department
Buildings and Improvements	25 - 40 or life of note	10 - 40
Other Capital Assets	5 - 12	5 - 20
Infrastructure:		
Roads	8 - 20	
Bridges	30	

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience, pension and OPEB changes in assumptions, pension and OPEB changes in proportion, and employer contributions made to the pension and OPEB plans after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension and OPEB changes in experience, pension changes in investment earnings, pension changes in proportion of net pension liability (asset), OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

The policy of Houston County, except for the highway department and excluding the Houston County Community Hospital, does not permit its employees to accumulate sick or vacation days beyond the fiscal year and therefore is not required to be accrued or recorded.

It is the policy of the highway department to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The general policy of the discretely presented Houston County School Department permits the unlimited accumulation of unused sick leave for professional personnel (teachers). Nonprofessional personnel are allowed to accumulate a limited amount of sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. No provisions exist for accruing vacation leave.

7. Long-term Debt and Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill postclosure care costs, and other postemployment benefits are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. **Net Position and Fund Balance**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$1,224,460 of restricted net position, in governmental activities for the primary government, of which \$7,672 is restricted by enabling legislation.

As of June 30, 2019, Houston County had \$5,431,569 in outstanding debt for capital purposes for the discretely presented Houston County School Department. This debt is a liability of Houston County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Houston County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the school department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

9. Special Item

During the year, Houston County elected to cease providing Other Postemployment Benefits (OPEB) to retirees other than school department employees. As a result, a special item totaling \$8,991 was recognized in the Government-wide Statement of Activities and all OPEB related liabilities and deferrals were removed from the Statement of Net Position.

E. Pension Plan

Discretely Presented Houston County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plan

Discretely Presented Houston County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Houston County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Houston County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the changes in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Houston County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2019, the Houston County School Department had outstanding encumbrances in the General Purpose School Fund totaling \$88,935.

B. Fund Deficit

The General Debt Service Fund had a deficit in unassigned fund balance of \$109,627 at June 30, 2019. This deficit resulted primarily from the recognition of a \$200,000 liability for interfund revenue anticipation notes that were not retired by June 30, 2019. The county commission increased the property tax allocated to this fund after June 30, 2019, to liquidate the deficit.

C. Appropriations Exceeded Estimated Available Funding

The budget and subsequent amendments approved by the county commission for the Special Purpose, Drug Control, and Central Cafeteria funds resulted in appropriations exceeding estimated available funding by \$349,030, \$158,652, and \$12,000, respectively.

D. Revenue Anticipation Notes were not Retired Before the Close of the Fiscal Year

A \$500,000 revenue anticipation note and \$200,000 interfund revenue anticipation notes were not retired by June 30, 2019, because of financial difficulties at the county. Details are discussed in the Schedule of Findings and Questioned Costs section of this report and note IV.F.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Houston County and the Houston County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are

pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. The Houston County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8,

Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Houston County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Houston County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 6,303
Developed Market International Equity	N/A	N/A	2,847
Emerging Market International Equity	N/A	N/A	813
U.S. Fixed Income	N/A	N/A	4,066
Real Estate	N/A	N/A	2,034
Short-term Securities	N/A	N/A	203
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	4,066
Total			\$ 20,332

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 6,303	\$ 6,303	\$ 0	\$ 0	0
Developed Market International Equity	2,847	2,847	0	0	0
Emerging Market International Equity	813	813	0	0	0
U.S. Fixed Income	4,066	0	4,066	0	0
Real Estate	2,034	0	0	2,034	0
Short-term Securities	203	0	203	0	0
Private Equity and Strategic Lending	4,066	0	0	0	4,066
Total	\$ 20,332	\$ 9,963	\$ 4,269	\$ 2,034	\$ 4,066

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Houston County

School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Houston County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Houston County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Houston County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 758,147	\$ 462	\$ 0	\$ 758,609
Construction in Progress	119,173	750	(113,318)	6,605
Total Capital Assets Not Depreciated	<u>\$ 877,320</u>	<u>\$ 1,212</u>	<u>\$ (113,318)</u>	<u>\$ 765,214</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,204,561	\$ 0	\$ 0	\$ 6,204,561
Infrastructure	2,400,540	120,170	0	2,520,710
Other Capital Assets	6,870,944	600,263	(1,097,995)	6,373,212
Total Capital Assets Depreciated	<u>\$ 15,476,045</u>	<u>\$ 720,433</u>	<u>\$ (1,097,995)</u>	<u>\$ 15,098,483</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,768,394	\$ 162,733	\$ 0	\$ 1,931,127
Infrastructure	751,393	111,357	0	862,750
Other Capital Assets	5,131,703	321,304	(1,009,027)	4,443,980
Total Accumulated Depreciation	<u>\$ 7,651,490</u>	<u>\$ 595,394</u>	<u>\$ (1,009,027)</u>	<u>\$ 7,237,857</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,824,555</u>	<u>\$ 125,039</u>	<u>\$ (88,968)</u>	<u>\$ 7,860,626</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,701,875</u>	<u>\$ 126,251</u>	<u>\$ (202,286)</u>	<u>\$ 8,625,840</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$	91,836
Finance		2,163
Administration of Justice		6,159
Public Safety		229,959
Public Health and Welfare		77,195
Social, Cultural, and Recreational Services		15,102
Agriculture and Natural Resources		1,339
Highway/Public Works		<u>171,641</u>
 Total Depreciation Expense - Governmental Activities	\$	<u><u>595,394</u></u>

Discretely Presented Houston County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 483,220	\$ 0	\$ 0	\$ 483,220
Total Capital Assets Not Depreciated	<u>\$ 483,220</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 483,220</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,707,075	\$ 24,842	\$ 0	\$ 14,731,917
Other Capital Assets	3,411,658	175,976	(175,868)	3,411,766
Total Capital Assets Depreciated	<u>\$ 18,118,733</u>	<u>\$ 200,818</u>	<u>\$ (175,868)</u>	<u>\$ 18,143,683</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,453,244	\$ 341,695	\$ 0	\$ 8,794,939
Other Capital Assets	2,285,945	139,901	(173,774)	2,252,072
Total Accumulated Depreciation	<u>\$ 10,739,189</u>	<u>\$ 481,596</u>	<u>\$ (173,774)</u>	<u>\$ 11,047,011</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,379,544</u>	<u>\$ (280,778)</u>	<u>\$ (2,094)</u>	<u>\$ 7,096,672</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,862,764</u>	<u>\$ (280,778)</u>	<u>\$ (2,094)</u>	<u>\$ 7,579,892</u>

Depreciation expense was charged to functions of the discretely presented Houston County School Department as follows:

Governmental Activities:

Instruction	\$ 159,190
Support Services	292,851
Operation of Non-instructional Services	<u>29,555</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 481,596</u>

C. Construction Commitments

At June 30, 2019, the school department's General Purpose School Fund had uncompleted construction contracts of \$88,935 for school improvements. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Debt Service	\$ 179,850
"	Nonmajor Governmental	1,662
General Debt Service	General	24,850
"	Nonmajor Governmental	75
Nonmajor Governmental	General Debt Service	75,150

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	\$ 104,021

The Due to the Primary Government from the school department is the balance of the capital lease payable issued by the county for the school department. The school department has agreed to contribute the funds necessary to retire the debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Transfers Out	<u>Transfers In</u> Hospital Fund	Purpose
Nonmajor Governmental Fund	\$ 895,501	Operations

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Capital Lease

On May 18, 2017, Houston County entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$172,952 plus interest of 4.33 percent. Title to the buses transfers to the Houston County School Department at the end of the lease period. The lease payments are being made from contributions from the General Purpose School Fund to the General Debt Service Fund. This lease-purchase agreement was not entered into in compliance with state statutes.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
School Buses	\$ 172,952
Less: Accumulated Depreciation	<u>(23,060)</u>
Total Book Value	<u>\$ 149,892</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30	Governmental Funds
2020	37,719
2021	37,719
2022	37,719
Total Minimum Lease Payments	\$ 113,157
Less: Amount Representing Interest	(9,136)
Present Value of Minimum Lease Payments	\$ 104,021

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Houston County (excluding the Houston County Community Hospital, enterprise fund) issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of 37 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service fund.

Direct Borrowing and Direct Placements - Houston County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 27 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes, and other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service and Highway/Public Works Funds.

During the year, Houston County did not retire a \$500,000 revenue anticipation note (RAN) in compliance with authorizing statutes, which require RANS to be repaid by the end of the fiscal year in which they are issued. Pursuant to state statutes, the Comptroller's Division of Local

Government Finance approved an extension of the maturity date by one year to June 30, 2020. On January 20, 2020, another extension was approved for an additional five-year period, with a final maturity of March 1, 2025, and the note was assigned to the Tennessee County Services Loan Program. As a result, this liability has been recognized in the long-term debt section in the financial statements of this report.

General obligation bonds, capital outlay notes, other loans, and capital lease outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds -				
Refunding	3.125 %	9-14-52	\$ 7,500,000	\$ 7,067,726
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.44 to 6	7-25-30	3,093,162	1,946,902
Other Loans	variable to .75	5-25-27	14,092,820	6,222,248
Capital Lease	4.33	7-31-21	172,952	104,021

In prior years, Houston County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$12,800,000 to Houston County and made another \$1,200,000 available for loan to Houston County on an as-needed basis for various renovation and construction projects. As of June 30, 2019, Houston County had drawn \$642,200 of the available \$1,200,000 loan. The loans are repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent weekly. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2019, the variable interest rates were 1.78 percent on the loans. Other fees totaled 1.20 percent (letter of credit fee), .08 percent (remarketing fee), and .15 percent (trustee fee) of the outstanding loan principal.

During the 2017-18 year, Houston County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program made \$642,620 available for loan to Houston County to fund a project to increase energy efficiency in the Houston County School Department. The loan has an interest rate of .75 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 124,100	\$ 218,800	\$ 342,900
2021	128,050	214,850	342,900
2022	132,150	210,750	342,900
2023	136,300	206,600	342,900
2024	140,650	202,250	342,900
2025-2029	772,950	941,550	1,714,500
2030-2034	903,300	811,200	1,714,500
2035-2039	1,055,800	658,700	1,714,500
2040-2044	1,234,050	480,450	1,714,500
2045-2049	1,442,800	271,700	1,714,500
2050-2054	997,576	48,700	1,046,276
Total	<u>\$ 7,067,726</u>	<u>\$ 4,265,550</u>	<u>\$ 11,333,276</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 339,303	\$ 57,395	\$ 396,698
2021	320,900	71,849	392,749
2022	310,781	57,280	368,061
2023	292,122	44,235	336,357
2024	221,703	31,754	253,457
2025-2029	450,263	48,473	498,736
2030-2031	11,830	1,065	12,895
Total	<u>\$ 1,946,902</u>	<u>\$ 312,051</u>	<u>\$ 2,258,953</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 751,088	\$ 103,915	\$ 76,221	\$ 931,224
2021	774,692	91,626	67,425	933,743
2022	808,484	78,944	58,407	945,835
2023	845,300	65,650	48,944	959,894
2024	883,116	51,716	38,994	973,826
2025-2027	2,159,568	73,885	57,194	2,290,647
Total	<u>\$ 6,222,248</u>	<u>\$ 465,736</u>	<u>\$ 347,185</u>	<u>\$ 7,035,169</u>

There was no funding available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$839, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, and the capital lease totaled \$1,821, based on the 2010 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the school department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Debt</u>	<u>Outstanding 6-30-19</u>
<u>Capital Lease - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Buses	\$ 104,021

Changes in Long-term Debt

Long-term debt activity for the primary government for the year ended June 30, 2019, was as follows:

Governmental Activities:	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2018	\$ 7,187,711	\$ 1,229,152	\$ 6,785,938
Additions	0	1,051,000	115,882
Reductions	(119,985)	(333,250)	(679,572)
Balance, June 30, 2019	<u>\$ 7,067,726</u>	<u>\$ 1,946,902</u>	<u>\$ 6,222,248</u>
Balance Due Within One Year	<u>\$ 124,100</u>	<u>\$ 339,303</u>	<u>\$ 751,088</u>

Governmental Activities:	Capital Leases - Direct Placement
Balance, July 1, 2018	\$ 135,857
Reductions	(31,836)
Balance, June 30, 2019	<u>\$ 104,021</u>
Balance Due Within One Year	<u>\$ 33,215</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 15,340,897
Less: Balance Due Within One Year - Debt	<u>(1,247,706)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 14,093,191</u>

G. Long-term Obligations

Primary Government

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	<u>Compensated Absences</u>	<u>Landfill Closure/ Postclosure Care Costs</u>
Balance, July 1, 2018	\$ 25,279	\$ 619,788
Additions	27,843	14,152
Reductions	<u>(30,904)</u>	<u>(4,500)</u>
Balance, June 30, 2019	<u>\$ 22,218</u>	<u>\$ 629,440</u>
Balance Due Within One Year	<u>\$ 22,218</u>	<u>\$ 157,360</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 651,658
Less: Balance Due Within One Year - Other	<u>(179,578)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 472,080</u>

Compensated absences will be paid from the employing fund, the Highway/Public Works Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Houston County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Houston County School Department for the year ended June 30, 2019, was as follows:

Governmental Activities:

	<u>Net OPEB Liability</u>
Balance, July 1, 2018	\$ 700,914
Additions	92,896
Reductions	<u>(153,710)</u>
Balance, June 30, 2019	<u>\$ 640,100</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 640,100
Less: Balance Due Within One Year - Other	<u>0</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 640,100</u>

Other postemployment benefits liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

H. Pledges of Future Revenues

Component Unit Revenues Pledged for Primary Government Debt

The Houston County School Department has pledged to pay \$400,000 annually from its future revenues to the primary government's General Debt Service Fund to be applied toward the retirement of certain school debt. The related debt was issued by the primary government for the construction of a high school and is payable through 2027. Total principal, interest, and other fees remaining on the debt are approximately \$5,271,873 with annual requirements ranging from approximately \$623,933 in the next fiscal year to \$697,550 in the final year. For the current year, principal, interest, and other fees paid by the county and the appropriation by the school department were \$610,448 and \$400,000, respectively.

I. On-Behalf Payments – Discretely Presented Houston County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Houston County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local

Education Group Insurance Plan for the year ended June 30, 2019, were \$37,117. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Revenue Anticipation Note Activity

Houston County issued \$500,000, \$350,000, and \$200,000 in the form of revenue anticipation notes in advance of property tax and other revenue collections and deposited the proceeds in the General (\$300,000), Solid Waste/Sanitation (\$50,000), Special Purpose (\$500,000), and General Debt Service (\$200,000) funds. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Houston County did not retire the \$500,000 revenue anticipation note by June 30, 2019, and requested extensions as discussed in Note IV.F. Additionally, Houston County failed to repay interfund revenue anticipation notes in the amount of \$200,000 by year-end, and received approvals from the Comptroller’s Division of Local Government Finance for extensions with a final maturity in fiscal year 2025. Revenue anticipation note activity for the year ended June 30, 2019, was as follows:

	Balance 7-1-18	Issued	Paid	Assigned to Tennessee County Services Loan Program	Interfund Borrowing- Extended Portion
Revenue Anticipation Notes	\$ 0	\$ 1,050,000	\$ (350,000)	\$ (500,000)	\$ (200,000)

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

Employees of Houston County (except for the highway department) are provided health insurance coverage through the purchase of commercial insurance; however, retirees are not allowed to participate in the health insurance plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Houston County Highway Department provided health insurance coverage for its employees through the purchase of commercial insurance until June 30, 2015. Effective July 1, 2015, the Houston County Highway Department began participating in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of

providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Workers' Compensation Insurance

Houston County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. Houston County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Discretely Presented Houston County School Department

Employee Health Insurance

The Houston County School Department participates in the Local Education Group Insurance Fund (LEGIF), which is a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Workers' Compensation, Liability, Property, and Casualty

The school department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance

coverage. The school department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Houston County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

The county and the school department are involved in several pending lawsuits. Management estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

D. Change in Administration

On August 31, 2018, George Clark left the Office of County Mayor and was succeeded by James Bridges on September 1, 2018.

E. Landfill Postclosure Care Costs

Houston County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Houston County closed its sanitary landfill in 1993. The \$629,440 reported as postclosure care liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Twenty-third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Houston County made no contributions to the DTF for the year ended June 30, 2019.

The discretely presented school department participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Hickman County, Houston County, Humphreys County, Manchester City, Marshall County, Maury County, Robertson County, and Stewart County. The cooperative was authorized through Title 49 of *Tennessee Code Annotated*. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Fayetteville City Schools) and a service provider to provide these services. The cooperative is governed by a

Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

Houston County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Twenty-third Judicial District Drug Task Force and the Volunteer State Cooperative can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
Twenty-third Judicial District Drug Task Force
P.O. Box 580
Charlotte, TN 37036

Volunteer State Cooperative
1800 Wilson Parkway
Fayetteville, TN 37334

G. Jointly Governed Organizations

The Houston-Stewart County Industrial Park Board operates an industrial park that is jointly owned by Stewart and Houston counties. The board comprises seven members. The Stewart and Houston County Commissions appoint the board members alternately (four one year and three the next year); however, the counties do not have any ongoing financial interest or responsibility for the entity. Also, the board operates in conjunction with the Houston-Stewart County Development Commission, which consists of seven board members appointed by Stewart and Houston counties. The commission was incorporated to receive and administer grant and loan funds for construction of buildings in the industrial park. The commission was declared inactive by its Board of Directors on October 25, 1990, and so remains until such time as a need develops.

The Industrial Development Board of Houston-Stewart Counties has been delegated the authority to develop, operate and maintain an industrial site located near the Stewart-Houston County line near Cumberland City, Tennessee. The board operates in conjunction with the Houston-Stewart Industrial Park Board and is comprised of eight members. The Stewart and Houston County Commissions appoint the board members; however, the counties do not have any ongoing financial interest or responsibility for the entity.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

Houston County elected not to provide a retirement plan for its employees.

Discretely Presented Houston County School Department

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Houston County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected

service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$19,867, which is 1.94 percent of covered payroll. In addition, employer contributions of \$19,305, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$33,037) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion

of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .072844 percent. The proportion as of June 30, 2017, was .066876 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$11,060.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 1,871	\$ 1,316
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,866
Changes in Assumptions	1,559	0
Changes in Proportion of Net Pension Liability (Asset)	349	3,053
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>19,867</u>	<u>N/A</u>
Total	<u>\$ 23,646</u>	<u>\$ 6,235</u>

The school department's employer contributions of \$19,867, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (464)
2021	(523)
2022	(789)
2023	(302)
2024	(53)
Thereafter	(325)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one

percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 5,108	\$ (33,037)	\$ (61,140)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Houston County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The

service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Houston County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$488,447, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$502,933) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of

June 30, 2018, the school department's proportion was .142923 percent. The proportion measured at June 30, 2017 was .139763 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$137,168).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 101,660	\$ 678,496
Changes in Assumptions	297,035	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	109,459
Changes in Proportion of Net Pension Liability (Asset)	37,076	6,909
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	488,447	N/A
Total	<u>\$ 924,218</u>	<u>\$ 794,864</u>

The school department's employer contributions of \$488,447 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 110,476
2021	(153,814)
2022	(271,413)
2023	(44,342)
2024	0
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 3,876,923 \$ (502,933) \$ (4,126,653)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

Effective December 1, 2017, Houston County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$49,579 and teachers contributed \$6,598 to this deferred compensation pension plan.

I. Other Postemployment Benefits (OPEB)

During the year, the Houston County Highway Department elected to cease providing OPEB to retirees.

The discretely presented Houston County School Department provides OPEB benefits to its retirees under the state administered public entity risk pools. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go

basis and there are no assets accumulating in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of the Houston County School Department are provided healthcare under a Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Houston County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The school department’s total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53% with .32% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed below

The discount rate was 3.62 percent, based on the daily rate of Fidelity’s 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed

by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016, Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Closed Local Education (LEP) OPEB Plan - Discretely Presented Houston County School Department

Plan Description. Employees of the Houston County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Houston County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Houston County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity,

provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	9
Inactive. Nonretired members	0
Active Members Eligible for Future Benefits	119
Active Members Not Eligible for Future Benefits	17
Total	<u><u>145</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$64,065 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Houston County School Department 64.576%</u>	<u>State of TN 35.424%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 700,914	\$ 393,846	\$ 1,094,760
Changes for the Year:			
Service Cost	\$ 39,172	\$ 21,487	\$ 60,659
Interest	25,524	14,002	39,526
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(95,404)	(52,335)	(147,739)
Change in Proportion	6,039	(6,039)	0
Changes in Assumption and Other Inputs	22,161	12,156	34,317
Benefit Payments	(58,306)	(31,984)	(90,290)
Net Changes	\$ (60,814)	\$ (42,713)	\$ (103,527)
Balance June 30, 2018	\$ 640,100	\$ 351,133	\$ 991,233

The Houston County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Houston County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$29,903 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Houston County School Department's proportionate share of the collective OPEB liability was 64.576 percent and the State of Tennessee's share was 35.424 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$85,519, including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 86,731
Changes of Assumptions/Inputs	20,146	25,031
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	3,910	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>64,065</u>	<u>0</u>
Total	<u>\$ 88,121</u>	<u>\$ 111,762</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2020	\$ 9,080
2021	9,080
2022	9,080
2023	9,080
2024	9,080
Thereafter	42,306

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 681,316	\$ 640,100	\$ 600,817
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rates	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 577,231	\$ 640,100	\$ 713,962
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J. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, govern purchasing procedures for the general county government. These statutes provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Chapter 366, Private Acts of 1945, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the highway department. These statutes provide for a highway commission, which includes the county mayor (who serves as chairman), the road superintendent, and three members of the county commission. The highway commission is required to authorize all purchases exceeding \$500 and to solicit competitive bids on all purchases exceeding \$10,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Houston County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

K. Subsequent Event

On January 30, 2020, the Comptroller's Division of Local Government Finance approved an assignment of a \$500,000 revenue anticipation note to the Tennessee County Services Loan Program to be repaid over a five-year period. Additionally, the Comptroller's Division of Local Government Finance approved an extension of \$200,000 of interfund revenue anticipation notes to be repaid over a five-year period.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Houston County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Houston County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 5,607	\$ 9,000	\$ 17,557	\$ 10,381	\$ 19,867
Less Contributions in Relation to the Contractually Required Contribution	(5,607)	(9,000)	(17,557)	(25,463)	(19,867)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (15,082)	\$ 0
Covered Payroll	\$ 140,180	\$ 225,001	\$ 438,929	\$ 636,570	\$ 1,024,072
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

* In FY 2019, the school department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

Note: Ten years of data will be presented when available.

Exhibit E-2

Houston County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Houston County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 476,460	\$ 457,150	\$ 455,698	\$ 446,627	\$ 454,426	\$ 488,447
Less Contributions in Relation to the Contractually Required Contribution	(476,460)	(457,150)	(455,698)	(446,627)	(454,426)	(488,447)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 5,365,543	\$ 5,056,968	\$ 5,040,908	\$ 4,940,567	\$ 5,004,684	\$ 4,669,672
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

Note: Ten years of data will be presented when available.

Exhibit E-3

Houston County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Retirement Plan of TCRS
Discretely Presented Houston County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.067467%	0.051137%	0.066876%	0.728440%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (2,714) \$	(5,323) \$	(17,642) \$	(33,037)
Covered Payroll	\$ 140,180 \$	225,001 \$	438,929 \$	636,570
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

Note: Ten years of data will be presented when available.

Exhibit E-4

Houston County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Houston County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.136702%	0.135087%	0.139645%	0.139763%	0.142923%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (22,213)	\$ 55,336	\$ 872,705	\$ (45,728)	\$ (502,933)
Covered Payroll	\$ 5,365,543	\$ 5,056,968	\$ 5,040,908	\$ 4,940,567	\$ 5,004,684
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094255%	17.31%	(0.93)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

Note: Ten years of data will be presented when available.

Exhibit E-5

Houston County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Houston County School Department
For the Fiscal Year Ended June 30

	2017	2018
Total OPEB Liability		
Service Cost	\$ 65,209	\$ 60,659
Interest	33,614	39,526
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(147,739)
Changes in Assumptions or Other Inputs	(47,472)	34,317
Benefit Payments	(85,123)	(90,290)
Net Change in Total OPEB Liability	\$ (33,772)	\$ (103,527)
Total OPEB Liability, Beginning	1,128,532	1,094,760
Total OPEB Liability, Ending	\$ 1,094,760	\$ 991,233
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 393,846	\$ 351,133
Employer Proportionate Share of the Total OPEB Liability	700,914	640,100
Covered Employee Payroll	\$ 5,641,554	\$ 5,693,744
Net OPEB Liability as a Percentage of Covered Employee Payroll	12.42%	11.24%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%
2019	3.62%

Note 3: No assets are accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

HOUSTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.25%

Changes of Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions related to the garbage collection and convenience center operations.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions of the county's acquisition of a local hospital and subsequent transfers for operations. Local taxes and note proceeds are the primary financing sources of this fund.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund accounts for general capital expenditures of the county.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Houston County that is subsequently contributed to the discretely presented Houston County School Department for construction and renovation projects.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for grant proceeds received for the construction of an emergency response center.

Exhibit F-1

Houston County, Tennessee
 Combining Balance Sheet
Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 12,592	\$ 12,592	\$ 0
Equity in Pooled Cash and Investments	145,400	9,001	229,410	0	383,811	85
Accounts Receivable	0	0	0	36	36	0
Due from Other Funds	10,000	15,650	0	0	25,650	49,500
Property Taxes Receivable	269,359	30,320	0	0	299,679	0
Allowance for Uncollectible Property Taxes	(10,744)	(8,481)	0	0	(19,225)	0
Total Assets	\$ 414,015	\$ 46,490	\$ 229,410	\$ 12,628	\$ 702,543	\$ 49,585
<u>LIABILITIES</u>						
Payroll Deductions Payable	\$ 1	\$ 0	\$ 0	\$ 0	\$ 1	\$ 0
Due to Other Funds	0	75	0	0	75	1,662
Total Liabilities	\$ 1	\$ 75	\$ 0	\$ 0	\$ 76	\$ 1,662
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 244,784	\$ 0	\$ 0	\$ 0	\$ 244,784	\$ 0
Deferred Delinquent Property Taxes	12,286	19,404	0	0	31,690	0
Total Deferred Inflows of Resources	\$ 257,070	\$ 19,404	\$ 0	\$ 0	\$ 276,474	\$ 0
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 229,410	\$ 0	\$ 229,410	\$ 0

(Continued)

Exhibit F-1

Houston County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Public Health and Welfare	\$ 58,750	\$ 7,461	\$ 0	\$ 0	\$ 66,211	\$ 0
Restricted for Capital Outlay	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	0	47,923
Committed:						
Committed for General Government	0	0	0	406	406	0
Committed for Finance	0	0	0	12,222	12,222	0
Committed for Public Health and Welfare	98,194	19,550	0	0	117,744	0
Total Fund Balances	<u>\$ 156,944</u>	<u>\$ 27,011</u>	<u>\$ 229,410</u>	<u>\$ 12,628</u>	<u>\$ 425,993</u>	<u>\$ 47,923</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 414,015</u>	<u>\$ 46,490</u>	<u>\$ 229,410</u>	<u>\$ 12,628</u>	<u>\$ 702,543</u>	<u>\$ 49,585</u>

(Continued)

Exhibit F-1

Houston County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	<u>Capital Projects Funds (Cont.)</u>		Total
	Other		Nonmajor
	Capital	Total	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 12,592
Equity in Pooled Cash and Investments	255	340	384,151
Accounts Receivable	0	0	36
Due from Other Funds	0	49,500	75,150
Property Taxes Receivable	0	0	299,679
Allowance for Uncollectible Property Taxes	0	0	(19,225)
Total Assets	<u>\$ 255</u>	<u>\$ 49,840</u>	<u>\$ 752,383</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 0	\$ 0	\$ 1
Due to Other Funds	0	1,662	1,737
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,662</u>	<u>\$ 1,738</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 244,784
Deferred Delinquent Property Taxes	0	0	31,690
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 276,474</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 229,410

(Continued)

Exhibit F-1

Houston County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

<u>FUND BALANCES (Cont.)</u>	<u>Capital Projects Funds (Cont.)</u>		Total
	Other Capital Projects	Total	Nonmajor Governmental Funds
Restricted (Cont.):			
Restricted for Public Health and Welfare	\$ 0	\$ 0	\$ 66,211
Restricted for Capital Outlay	255	255	255
Restricted for Capital Projects	0	47,923	47,923
Committed:			
Committed for General Government	0	0	406
Committed for Finance	0	0	12,222
Committed for Public Health and Welfare	0	0	117,744
Total Fund Balances	<u>\$ 255</u>	<u>\$ 48,178</u>	<u>\$ 474,171</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 255</u>	<u>\$ 49,840</u>	<u>\$ 752,383</u>

Exhibit F-2

Houston County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 253,963	\$ 412,010	\$ 0	\$ 0	\$ 665,973	\$ 0
Fines, Forfeitures, and Penalties	0	0	4,818	0	4,818	0
Charges for Current Services	2,193	0	0	70,944	73,137	0
Other Local Revenues	9,899	20	132,843	0	142,762	0
State of Tennessee	61,096	0	0	0	61,096	0
Federal Government	0	48,561	0	0	48,561	0
Other Governments and Citizens Groups	0	3,465	0	0	3,465	0
Total Revenues	\$ 327,151	\$ 464,056	\$ 137,661	\$ 70,944	\$ 999,812	\$ 0
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 68,396	\$ 68,396	\$ 0
Public Safety	0	0	106,855	0	106,855	0
Public Health and Welfare	498,550	52,726	0	0	551,276	0
Other Operations	18,286	8,328	0	0	26,614	6,455
Debt Service:						
Interest on Debt	2,610	0	0	0	2,610	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 519,446	\$ 61,054	\$ 106,855	\$ 68,396	\$ 755,751	\$ 6,455
Excess (Deficiency) of Revenues Over Expenditures	\$ (192,295)	\$ 403,002	\$ 30,806	\$ 2,548	\$ 244,061	\$ (6,455)

(Continued)

Exhibit F-2

Houston County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 330,000	\$ 500,000	\$ 0	\$ 0	\$ 830,000	\$ 0
Other Loans Issued	0	0	0	0	0	0
Transfers Out	0	(895,501)	0	0	(895,501)	0
Total Other Financing Sources (Uses)	\$ 330,000	\$ (395,501)	\$ 0	\$ 0	\$ (65,501)	\$ 0
Net Change in Fund Balances	\$ 137,705	\$ 7,501	\$ 30,806	\$ 2,548	\$ 178,560	\$ (6,455)
Fund Balance, July 1, 2018	19,239	19,510	198,604	10,080	247,433	54,378
Fund Balance, June 30, 2019	\$ 156,944	\$ 27,011	\$ 229,410	\$ 12,628	\$ 425,993	\$ 47,923

(Continued)

Exhibit F-2

Houston County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 665,973
Fines, Forfeitures, and Penalties	0	0	0	4,818
Charges for Current Services	0	0	0	73,137
Other Local Revenues	0	0	0	142,762
State of Tennessee	0	0	0	61,096
Federal Government	0	0	0	48,561
Other Governments and Citizens Groups	0	0	0	3,465
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 999,812
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 0	\$ 68,396
Public Safety	0	0	0	106,855
Public Health and Welfare	0	0	0	551,276
Other Operations	0	0	6,455	33,069
Debt Service:				
Interest on Debt	0	0	0	2,610
Capital Projects	115,882	13,019	128,901	128,901
Total Expenditures	\$ 115,882	\$ 13,019	\$ 135,356	\$ 891,107
Excess (Deficiency) of Revenues Over Expenditures	\$ (115,882)	\$ (13,019)	\$ (135,356)	\$ 108,705

(Continued)

Exhibit F-2

Houston County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Education Capital Projects	Other Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 830,000
Other Loans Issued	115,882	0	115,882	115,882
Transfers Out	0	0	0	(895,501)
Total Other Financing Sources (Uses)	\$ 115,882	\$ 0	\$ 115,882	\$ 50,381
Net Change in Fund Balances	\$ 0	\$ (13,019)	\$ (19,474)	\$ 159,086
Fund Balance, July 1, 2018	0	13,274	67,652	315,085
Fund Balance, June 30, 2019	\$ 0	\$ 255	\$ 48,178	\$ 474,171

Exhibit F-3

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 253,963	\$ 345,137	\$ 345,137	\$ (91,174)
Charges for Current Services	2,193	2,500	2,500	(307)
Other Local Revenues	9,899	6,000	6,000	3,899
State of Tennessee	61,096	59,000	59,000	2,096
Total Revenues	<u>\$ 327,151</u>	<u>\$ 412,637</u>	<u>\$ 412,637</u>	<u>\$ (85,486)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 498,550	\$ 314,335	\$ 642,850	\$ 144,300
<u>Other Operations</u>				
Other Charges	5,681	6,000	6,000	319
Employee Benefits	12,605	15,000	15,000	2,395
<u>Principal on Debt</u>				
General Government	0	50,000	0	0
<u>Interest on Debt</u>				
General Government	2,610	1,125	2,610	0
Total Expenditures	<u>\$ 519,446</u>	<u>\$ 386,460</u>	<u>\$ 666,460</u>	<u>\$ 147,014</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (192,295)</u>	<u>\$ 26,177</u>	<u>\$ (253,823)</u>	<u>\$ 61,528</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 330,000	\$ 0	\$ 330,000	\$ 0
Transfers In	0	50,000	0	0
Total Other Financing Sources	<u>\$ 330,000</u>	<u>\$ 50,000</u>	<u>\$ 330,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 137,705	\$ 76,177	\$ 76,177	\$ 61,528
Fund Balance, July 1, 2018	19,239	18,372	18,372	867
Fund Balance, June 30, 2019	<u>\$ 156,944</u>	<u>\$ 94,549</u>	<u>\$ 94,549</u>	<u>\$ 62,395</u>

Exhibit F-4

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 412,010	\$ 0	\$ 414,077	\$ (2,067)
Other Local Revenues	20	0	20	0
Federal Government	48,561	0	0	48,561
Other Governments and Citizens Groups	3,465	0	20	3,445
Total Revenues	<u>\$ 464,056</u>	<u>\$ 0</u>	<u>\$ 414,117</u>	<u>\$ 49,939</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 52,726	\$ 348,005	\$ 348,005	\$ 295,279
<u>Other Operations</u>				
Other Charges	8,326	0	8,326	0
Miscellaneous	2	0	0	(2)
Total Expenditures	<u>\$ 61,054</u>	<u>\$ 348,005</u>	<u>\$ 356,331</u>	<u>\$ 295,277</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 403,002</u>	<u>\$ (348,005)</u>	<u>\$ 57,786</u>	<u>\$ 345,216</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 500,000	\$ 0	\$ 500,000	\$ 0
Transfers Out	(895,501)	0	(911,151)	15,650
Total Other Financing Sources	<u>\$ (395,501)</u>	<u>\$ 0</u>	<u>\$ (411,151)</u>	<u>\$ 15,650</u>
Net Change in Fund Balance	\$ 7,501	\$ (348,005)	\$ (353,365)	\$ 360,866
Fund Balance, July 1, 2018	19,510	4,335	4,335	15,175
Fund Balance, June 30, 2019	<u>\$ 27,011</u>	<u>\$ (343,670)</u>	<u>\$ (349,030)</u>	<u>\$ 376,041</u>

Exhibit F-5

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 4,818	\$ 0	\$ 0	\$ 4,818
Other Local Revenues	132,843	50,000	50,000	82,843
Total Revenues	<u>\$ 137,661</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 87,661</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 106,855	\$ 208,652	\$ 208,652	\$ 101,797
Total Expenditures	<u>\$ 106,855</u>	<u>\$ 208,652</u>	<u>\$ 208,652</u>	<u>\$ 101,797</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,806</u>	<u>\$ (158,652)</u>	<u>\$ (158,652)</u>	<u>\$ 189,458</u>
Net Change in Fund Balance	\$ 30,806	\$ (158,652)	\$ (158,652)	\$ 189,458
Fund Balance, July 1, 2018	198,604	0	0	198,604
Fund Balance, June 30, 2019	<u>\$ 229,410</u>	<u>\$ (158,652)</u>	<u>\$ (158,652)</u>	<u>\$ 388,062</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit G

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 832,077	\$ 869,790	\$ 869,790	\$ (37,713)
Charges for Current Services	0	400,000	0	0
State of Tennessee	50,246	184,536	184,536	(134,290)
Other Governments and Citizens Groups	520,109	794,950	1,296,685	(776,576)
Total Revenues	\$ 1,402,432	\$ 2,249,276	\$ 2,351,011	\$ (948,579)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 550,255	\$ 577,564	\$ 568,586	\$ 18,331
Education	556,835	1,297,000	1,191,835	635,000
<u>Interest on Debt</u>				
General Government	321,572	270,510	332,760	11,188
Education	164,535	281,100	343,919	179,384
<u>Other Debt Service</u>				
General Government	16,011	324,000	324,000	307,989
Total Expenditures	\$ 1,609,208	\$ 2,750,174	\$ 2,761,100	\$ 1,151,892
Excess (Deficiency) of Revenues Over Expenditures	\$ (206,776)	\$ (500,898)	\$ (410,089)	\$ 203,313
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 850,000	\$ 850,000	\$ (850,000)
Notes Issued	0	70,000	44,537	(44,537)
Other Loans Issued	0	45,552	6,999	(6,999)
Total Other Financing Sources	\$ 0	\$ 965,552	\$ 901,536	\$ (901,536)
Net Change in Fund Balance	\$ (206,776)	\$ 464,654	\$ 491,447	\$ (698,223)
Fund Balance, July 1, 2018	97,149	150,888	150,888	(53,739)
Fund Balance, June 30, 2019	\$ (109,627)	\$ 615,542	\$ 642,335	\$ (751,962)

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; register of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Houston County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 170,208	\$ 170,208
Due from Other Governments	94,470	0	94,470
Total Assets	<u>\$ 94,470</u>	<u>\$ 170,208</u>	<u>\$ 264,678</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 94,470	\$ 0	\$ 94,470
Due to Litigants, Heirs, and Others	0	170,208	170,208
Total Liabilities	<u>\$ 94,470</u>	<u>\$ 170,208</u>	<u>\$ 264,678</u>

Exhibit H-2

Houston County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds

For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 545,933	\$ 545,933	\$ 0
Due from Other Governments	94,369	94,470	94,369	94,470
Total Assets	\$ 94,369	\$ 640,403	\$ 640,302	\$ 94,470
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 94,369	\$ 640,403	\$ 640,302	\$ 94,470
Total Liabilities	\$ 94,369	\$ 640,403	\$ 640,302	\$ 94,470
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 419,829	\$ 1,878,217	\$ 2,127,838	\$ 170,208
Accounts Receivable	2	0	2	0
Total Assets	\$ 419,831	\$ 1,878,217	\$ 2,127,840	\$ 170,208
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 419,831	\$ 1,878,217	\$ 2,127,840	\$ 170,208
Total Liabilities	\$ 419,831	\$ 1,878,217	\$ 2,127,840	\$ 170,208
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 419,829	\$ 1,878,217	\$ 2,127,838	\$ 170,208
Equity in Pooled Cash and Investments	0	545,933	545,933	0
Accounts Receivable	2	0	2	0
Due from Other Governments	94,369	94,470	94,369	94,470
Total Assets	\$ 514,200	\$ 2,518,620	\$ 2,768,142	\$ 264,678
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 94,369	\$ 640,403	\$ 640,302	\$ 94,470
Due to Litigants, Heirs, and Others	419,831	1,878,217	2,127,840	170,208
Total Liabilities	\$ 514,200	\$ 2,518,620	\$ 2,768,142	\$ 264,678

Houston County School Department

This section presents combining and individual fund financial statements for the Houston County School Department, a discretely presented component unit. The school department uses a General Fund and two Special Revenue Funds.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the school department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Exhibit I-1

Houston County, Tennessee
Statement of Activities
Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 7,217,980	\$ 7,658	\$ 1,007,402	\$ 112,174	\$ (6,090,746)
Support Services	4,374,693	23,093	291,289	3,708	(4,056,603)
Operation of Non-instructional Services	1,248,715	253,462	571,359	0	(423,894)
Total Governmental Activities	\$ 12,841,388	\$ 284,213	\$ 1,870,050	\$ 115,882	\$ (10,571,243)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 698,646
Local Option Sales Taxes					641,424
Business Tax					17,955
Grants and Contributions Not Restricted to Specific Programs					9,444,174
Unrestricted Investment Income					7,237
Miscellaneous					77,557
Total General Revenues					\$ 10,886,993
Change in Net Position					\$ 315,750
Net Position, July 1, 2018					11,297,853
Net Position, June 30, 2019					\$ 11,613,603

Exhibit I-2

Houston County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Houston County School Department
June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 714	\$ 714
Equity in Pooled Cash and Investments	3,709,510	380,715	4,090,225
Due from Other Governments	132,300	592	132,892
Property Taxes Receivable	751,370	0	751,370
Allowance for Uncollectible Property Taxes	(29,971)	0	(29,971)
Accrued Interest Receivable	22,712	1,195	23,907
Restricted Assets	20,332	0	20,332
Total Assets	<u>\$ 4,606,253</u>	<u>\$ 383,216</u>	<u>\$ 4,989,469</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 76,636	\$ 0	\$ 76,636
Payroll Deductions Payable	99,516	11,761	111,277
Total Liabilities	<u>\$ 176,152</u>	<u>\$ 11,761</u>	<u>\$ 187,913</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 682,818	\$ 0	\$ 682,818
Deferred Delinquent Property Taxes	34,270	0	34,270
Other Deferred/Unavailable Revenue	74,752	866	75,618
Total Deferred Inflows of Resources	<u>\$ 791,840</u>	<u>\$ 866</u>	<u>\$ 792,706</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 5,840	\$ 5,840
Restricted for Operation of Non-instructional Services	0	264,749	264,749
Restricted for Capital Outlay	88,935	0	88,935
Restricted for Hybrid Retirement Stabilization Funds	20,332	0	20,332
Committed:			
Committed for Education	2,031,935	0	2,031,935
Assigned:			
Assigned for Education	0	100,000	100,000
Unassigned	1,497,059	0	1,497,059
Total Fund Balances	<u>\$ 3,638,261</u>	<u>\$ 370,589</u>	<u>\$ 4,008,850</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,606,253</u>	<u>\$ 383,216</u>	<u>\$ 4,989,469</u>

Exhibit I-3

Houston County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Houston County School Department
June 30, 2019

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 4,008,850	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 483,220		
Add: buildings and improvements net of accumulated depreciation	5,936,978		
Add: other capital assets net of accumulated depreciation	<u>1,159,694</u>	7,579,892	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for the capital lease	\$ (104,021)		
Less: net OPEB liability	<u>(640,100)</u>	(744,121)	
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as a component of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$ 947,864		
Less: deferred inflows of resources related to pensions	(801,099)		
Add: deferred outflows of resources related to OPEB	88,121		
Less: deferred inflows of resources related to OPEB	<u>(111,762)</u>	123,124	
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - teacher retirement plan	\$ 33,037		
Add: net pension asset - teacher legacy pension plan	<u>502,933</u>	535,970	
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>109,888</u>
Net position of governmental activities (Exhibit A)			<u>\$ 11,613,603</u>

Exhibit I-4

Houston County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 1,385,347	\$ 0	\$ 1,385,347
Licenses and Permits	560	0	560
Charges for Current Services	30,751	253,462	284,213
Other Local Revenues	65,065	9,211	74,276
State of Tennessee	9,720,410	10,706	9,731,116
Federal Government	87,475	1,465,617	1,553,092
Other Governments and Citizens Groups	115,882	0	115,882
Total Revenues	<u>\$ 11,405,490</u>	<u>\$ 1,738,996</u>	<u>\$ 13,144,486</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 5,944,197	\$ 827,814	\$ 6,772,011
Support Services	4,478,080	79,887	4,557,967
Operation of Non-Instructional Services	381,309	837,176	1,218,485
Capital Outlay	164,628	0	164,628
Debt Service:			
Other Debt Service	520,108	0	520,108
Total Expenditures	<u>\$ 11,488,322</u>	<u>\$ 1,744,877</u>	<u>\$ 13,233,199</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (82,832)</u>	<u>\$ (5,881)</u>	<u>\$ (88,713)</u>
Net Change in Fund Balances	\$ (82,832)	\$ (5,881)	\$ (88,713)
Fund Balance, July 1, 2018	<u>3,721,093</u>	<u>376,470</u>	<u>4,097,563</u>
Fund Balance, June 30, 2019	<u>\$ 3,638,261</u>	<u>\$ 370,589</u>	<u>\$ 4,008,850</u>

Exhibit I-5

Houston County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(88,713)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	200,818	
Less: current-year depreciation expense		<u>(481,596)</u>	(280,778)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(2,094)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$	109,888	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(97,236)</u>	12,652
(4) The contributions of long-term debt (e.g., capital leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on capital lease to primary government			31,836
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in net pension asset - teacher retirement plan	\$	15,395	
Change in net pension asset - teacher legacy pension plan		457,205	
Change in deferred outflows related to pensions		4,440	
Change in deferred inflows related to pensions		157,357	
Change in net OPEB liability		60,814	
Change in deferred outflows related to OPEB		31,792	
Change in deferred inflows related to OPEB		<u>(84,156)</u>	642,847
Change in net position of governmental activities (Exhibit B)			<u>\$ 315,750</u>

Exhibit I-6

Houston County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Houston County School Department
June 30, 2019

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 714	\$ 714
Equity in Pooled Cash and Investments	112,646	268,069	380,715
Due from Other Governments	592	0	592
Accrued Interest Receivable	0	1,195	1,195
Total Assets	<u>\$ 113,238</u>	<u>\$ 269,978</u>	<u>\$ 383,216</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 7,398	\$ 4,363	\$ 11,761
Total Liabilities	<u>\$ 7,398</u>	<u>\$ 4,363</u>	<u>\$ 11,761</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 866	\$ 866
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 866</u>	<u>\$ 866</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 5,840	\$ 0	\$ 5,840
Restricted for Operation of Non-instructional Services	0	264,749	264,749
Assigned:			
Assigned for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 105,840</u>	<u>\$ 264,749</u>	<u>\$ 370,589</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 113,238</u>	<u>\$ 269,978</u>	<u>\$ 383,216</u>

Exhibit I-7

Houston County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 253,462	\$ 253,462
Other Local Revenues	0	9,211	9,211
State of Tennessee	0	10,706	10,706
Federal Government	913,541	552,076	1,465,617
Total Revenues	<u>\$ 913,541</u>	<u>\$ 825,455</u>	<u>\$ 1,738,996</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 827,814	\$ 0	\$ 827,814
Support Services	79,887	0	79,887
Operation of Non-Instructional Services	0	837,176	837,176
Total Expenditures	<u>\$ 907,701</u>	<u>\$ 837,176</u>	<u>\$ 1,744,877</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 5,840</u>	<u>\$ (11,721)</u>	<u>\$ (5,881)</u>
Net Change in Fund Balances	\$ 5,840	\$ (11,721)	\$ (5,881)
Fund Balance, July 1, 2018	100,000	276,470	376,470
Fund Balance, June 30, 2019	<u>\$ 105,840</u>	<u>\$ 264,749</u>	<u>\$ 370,589</u>

Exhibit I-8

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Houston County School Department
General Purpose School Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,385,347	\$ 0	\$ 0	\$ 1,385,347	\$ 1,312,100	\$ 1,312,100	\$ 73,247
Licenses and Permits	560	0	0	560	500	500	60
Charges for Current Services	30,751	0	0	30,751	21,000	21,000	9,751
Other Local Revenues	65,065	0	0	65,065	50,700	65,300	(235)
State of Tennessee	9,720,410	0	0	9,720,410	9,090,823	9,285,590	434,820
Federal Government	87,475	0	0	87,475	0	80,353	7,122
Other Governments and Citizens Groups	115,882	0	0	115,882	0	0	115,882
Total Revenues	\$ 11,405,490	\$ 0	\$ 0	\$ 11,405,490	\$ 10,475,123	\$ 10,764,843	\$ 640,647
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,917,869	\$ 0	\$ 0	\$ 4,917,869	\$ 5,344,996	\$ 5,359,596	\$ 441,727
Special Education Program	638,787	0	0	638,787	685,640	720,002	81,215
Career and Technical Education Program	387,541	0	0	387,541	316,700	391,700	4,159
<u>Support Services</u>							
Attendance	22,404	0	0	22,404	34,625	34,625	12,221
Health Services	110,227	0	0	110,227	112,780	112,780	2,553
Other Student Support	261,624	0	0	261,624	235,500	276,400	14,776
Regular Instruction Program	448,839	0	0	448,839	488,000	488,000	39,161
Alternative Instruction Program	69,676	0	0	69,676	72,300	72,300	2,624
Special Education Program	177,540	0	0	177,540	167,197	211,888	34,348
Technology	198,393	0	0	198,393	222,575	222,575	24,182
Other Programs	37,117	0	0	37,117	0	37,117	0
Board of Education	351,048	0	0	351,048	426,950	426,950	75,902
Director of Schools	220,617	0	0	220,617	234,650	234,650	14,033
Office of the Principal	695,683	0	0	695,683	732,000	732,000	36,317
Fiscal Services	116,314	0	0	116,314	140,300	140,300	23,986
Operation of Plant	819,755	0	0	819,755	924,500	924,500	104,745
Maintenance of Plant	258,124	0	0	258,124	251,000	288,900	30,776

(Continued)

Exhibit I-8

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Houston County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 690,719	\$ 0	\$ 0	\$ 690,719	\$ 730,240	\$ 743,821	\$ 53,102
<u>Operation of Non-Instructional Services</u>							
Food Service	41,239	0	0	41,239	40,000	42,000	761
Community Services	29,080	0	0	29,080	29,611	29,611	531
Early Childhood Education	310,990	0	0	310,990	312,674	316,524	5,534
<u>Capital Outlay</u>							
Regular Capital Outlay	164,628	(80,333)	88,935	173,230	310,000	310,000	136,770
<u>Principal on Debt</u>							
Education	0	0	0	0	557,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	12,000	0	0
<u>Other Debt Service</u>							
Education	520,108	0	0	520,108	0	604,719	84,611
Total Expenditures	\$ 11,488,322	\$ (80,333)	\$ 88,935	\$ 11,496,924	\$ 12,381,238	\$ 12,720,958	\$ 1,224,034
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (82,832)	\$ 80,333	\$ (88,935)	\$ (91,434)	\$ (1,906,115)	\$ (1,956,115)	\$ 1,864,681
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Net Change in Fund Balance							
Fund Balance, July 1, 2018	\$ 3,721,093	\$ (80,333)	\$ 0	\$ 3,640,760	\$ 3,200,000	\$ 3,200,000	\$ 440,760
Fund Balance, June 30, 2019							
	\$ 3,638,261	\$ 0	\$ (88,935)	\$ 3,549,326	\$ 1,294,885	\$ 1,244,885	\$ 2,304,441

Exhibit I-9

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Houston County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 913,541	\$ 783,409	\$ 1,142,307	\$ (228,766)
Total Revenues	\$ 913,541	\$ 783,409	\$ 1,142,307	\$ (228,766)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 439,685	\$ 406,792	\$ 518,843	\$ 79,158
Special Education Program	333,815	282,600	386,763	52,948
Career and Technical Education Program	54,314	14,337	54,324	10
<u>Support Services</u>				
Other Student Support	5,753	7,000	5,753	0
Regular Instruction Program	28,735	43,815	115,132	86,397
Special Education Program	38,656	21,707	54,474	15,818
Career and Technical Education Program	983	1,123	983	0
Transportation	5,760	6,035	6,035	275
Total Expenditures	\$ 907,701	\$ 783,409	\$ 1,142,307	\$ 234,606
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,840	\$ 0	\$ 0	\$ 5,840
Net Change in Fund Balance	\$ 5,840	\$ 0	\$ 0	\$ 5,840
Fund Balance, July 1, 2018	100,000	100,000	100,000	0
Fund Balance, June 30, 2019	\$ 105,840	\$ 100,000	\$ 100,000	\$ 5,840

Exhibit I-10

Houston County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Houston County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 253,462	\$ 275,000	\$ 275,000	\$ (21,538)
Other Local Revenues	9,211	7,000	7,000	2,211
State of Tennessee	10,706	1,000	11,000	(294)
Federal Government	552,076	556,000	556,000	(3,924)
Total Revenues	<u>\$ 825,455</u>	<u>\$ 839,000</u>	<u>\$ 849,000</u>	<u>\$ (23,545)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 837,176	\$ 839,000	\$ 861,000	\$ 23,824
Total Expenditures	<u>\$ 837,176</u>	<u>\$ 839,000</u>	<u>\$ 861,000</u>	<u>\$ 23,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (11,721)</u>	<u>\$ 0</u>	<u>\$ (12,000)</u>	<u>\$ 279</u>
Net Change in Fund Balance	\$ (11,721)	\$ 0	\$ (12,000)	\$ 279
Fund Balance, July 1, 2018	<u>276,470</u>	<u>0</u>	<u>0</u>	<u>276,470</u>
Fund Balance, June 30, 2019	<u>\$ 264,749</u>	<u>\$ 0</u>	<u>\$ (12,000)</u>	<u>\$ 276,749</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Houston County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	\$ 255,000	3.35 %	2-27-13	3-21-23	\$ 136,961	\$ 0	\$ 25,807	\$ 111,154
Highway Lawn Equipment	158,730	2.45	12-9-14	12-9-19	63,484	0	31,746	31,738
Total Payable through Highway/Public Works Fund					<u>\$ 200,445</u>	<u>\$ 0</u>	<u>\$ 57,553</u>	<u>\$ 142,892</u>
<u>Payable through General Debt Service Fund</u>								
Library Renovation	75,000	4.19	4-8-09	4-6-19	\$ 7,500	\$ 0	\$ 7,500	\$ 0
Airport Maintenance	70,000	3.49	7-9-09	7-10-19	14,000	0	7,000	7,000
School Repair	500,000	3.3	12-20-10	12-1-18	37,927	0	37,927	0
Fire Station Buildings and Equipment (Extension)	54,978	3	6-21-13	6-21-19	9,821	0	9,821	0
Election Office Building	62,000	3.25	7-10-13	7-10-23	39,570	0	6,076	33,494
Hospital Computers and Equipment	400,000	3.05	1-6-14	1-6-20	133,332	0	66,666	66,666
Hospital Ultrasound Equipment	67,000	3.03	8-8-14	8-8-20	33,499	0	11,167	22,332
Hospital X-ray Equipment	70,000	2.44	4-13-15	4-13-20	28,000	0	14,000	14,000
Emergency Response Facility (Extension)	150,000	2.95	7-22-15	7-22-24	116,666	0	16,667	99,999
Ambulance and Equipment	118,000	2.9	4-13-16	4-13-22	78,666	0	19,667	58,999
Board of Education Capital Outlay Notes, Series 2016	150,000	2.98	5-26-16	5-26-28	125,000	0	12,500	112,500
Fire Department - Pumper & Equipment	264,336	3.95	7-20-16	7-20-25	172,308	0	22,028	150,280
Fire Department - Rescue Tools	27,096	3.75	7-26-16	7-26-25	24,085	0	3,011	21,074
Danville Park	250,000	3.59	4-10-17	4-10-23	208,333	0	41,667	166,666
Tennessee County Services Loan Program	500,000 (1)	5	7-2-18	3-1-25	0	500,000	0	500,000
Courthouse Chiller Unit	71,000	6	7-25-18	7-25-30	0	71,000	0	71,000
Ambulance and Equipment	150,000	5	7-25-18	7-25-25	0	150,000	0	150,000
Convenience Center Equipment	330,000	4.95	5-8-19	5-6-29	0	330,000	0	330,000
Total Payable through General Debt Service Fund					<u>\$ 1,028,707</u>	<u>\$ 1,051,000</u>	<u>\$ 275,697</u>	<u>\$ 1,804,010</u>
Total Notes Payable					<u>\$ 1,229,152</u>	<u>\$ 1,051,000</u>	<u>\$ 333,250</u>	<u>\$ 1,946,902</u>

(Continued)

Exhibit J-1

Houston County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction and Courthouse Renovations	\$ 1,800,000	variable %	10-21-1999	5-25-24	\$ 678,000	\$ 0	\$ 100,000	\$ 578,000
School Construction	10,000,000	variable	1-31-00	5-25-27	5,043,000	0	457,000	4,586,000
Jail Construction and Courthouse Renovations	1,000,000	variable	9-7-01	5-25-26	469,000	0	49,000	420,000
Jail Construction and Courthouse Renovations	646,200	(2) variable	4-26-02	5-25-20	65,200	0	56,000	9,200
Energy Efficient School Initiative	646,620	0.75	4-26-18	4-26-24	530,738	115,882	17,572	629,048
Total Other Loans Payable					<u>\$ 6,785,938</u>	<u>\$ 115,882</u>	<u>\$ 679,572</u>	<u>\$ 6,222,248</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bond, Series 2015	7,500,000	3.125	9-14-15	9-14-52	\$ 7,187,711	\$ 0	\$ 119,985	\$ 7,067,726
Total Bonds Payable					<u>\$ 7,187,711</u>	<u>\$ 0</u>	<u>\$ 119,985</u>	<u>\$ 7,067,726</u>
<u>CAPITAL LEASE PAYABLE</u>								
<u>Contributions Due by the School Department from the General Purpose School</u>								
<u>Fund to the General Debt Service Fund</u>								
School Buses	172,952	4.33	5-18-17	7-31-21	\$ 135,857	\$ 0	\$ 31,836	\$ 104,021
Total Capital Lease Payable					<u>\$ 135,857</u>	<u>\$ 0</u>	<u>\$ 31,836</u>	<u>\$ 104,021</u>

(1) Approved by the Comptroller's Division of Local Government Finance as an extended revenue anticipation note. See Note IV.F.

(2) Total amount approved was \$1,200,000, of which \$553,800 remains available for draws as of June 30, 2019.

Exhibit J-2

Houston County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 339,303	\$ 57,395	\$ 396,698
2021	320,900	71,849	392,749
2022	310,781	57,280	368,061
2023	292,122	44,235	336,357
2024	221,703	31,754	253,457
2025	214,549	21,601	236,150
2026	93,963	11,681	105,644
2027	51,417	7,421	58,838
2028	51,417	5,068	56,485
2029	38,917	2,702	41,619
2030	5,917	710	6,627
2031	5,913	355	6,268
Total	\$ 1,946,902	\$ 312,051	\$ 2,258,953

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2020	\$ 751,088	\$ 103,915	\$ 76,221	\$ 931,224
2021	774,692	91,626	67,425	933,743
2022	808,484	78,944	58,407	945,835
2023	845,300	65,650	48,944	959,894
2024	883,116	51,716	38,994	973,826
2025	770,568	37,128	28,422	836,118
2026	713,000	24,724	19,255	756,979
2027	676,000	12,033	9,517	697,550
Total	\$ 6,222,248	\$ 465,736	\$ 347,185	\$ 7,035,169

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 124,100	\$ 218,800	\$ 342,900
2021	128,050	214,850	342,900
2022	132,150	210,750	342,900
2023	136,300	206,600	342,900
2024	140,650	202,250	342,900
2025	145,050	197,850	342,900
2026	149,700	193,200	342,900
2027	154,500	188,400	342,900
2028	159,300	183,600	342,900
2029	164,400	178,500	342,900
2030	169,550	173,350	342,900

Continued

Exhibit J-2

Houston County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2031	\$ 174,950	\$ 167,950	\$ 342,900
2032	180,500	162,400	342,900
2033	186,200	156,700	342,900
2034	192,100	150,800	342,900
2035	198,250	144,650	342,900
2036	204,450	138,450	342,900
2037	210,950	131,950	342,900
2038	217,750	125,150	342,900
2039	224,400	118,500	342,900
2040	231,600	111,300	342,900
2041	238,900	104,000	342,900
2042	246,600	96,300	342,900
2043	254,450	88,450	342,900
2044	262,500	80,400	342,900
2045	270,800	72,100	342,900
2046	279,450	63,450	342,900
2047	288,300	54,600	342,900
2048	297,350	45,550	342,900
2049	306,900	36,000	342,900
2050	316,550	26,350	342,900
2051	326,550	16,350	342,900
2052	336,900	6,000	342,900
2053	17,576	0	17,576
Total	\$ 7,067,726	\$ 4,265,550	\$ 11,333,276

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2020	\$ 33,215	\$ 4,504	\$ 37,719
2021	34,653	3,066	37,719
2022	36,153	1,566	37,719
Total	\$ 104,021	\$ 9,136	\$ 113,157

Exhibit J-3

Houston County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Special Purpose	Hospital	Operations	<u>\$ 895,501</u>
Total Transfers			<u><u>\$ 895,501</u></u>

Exhibit J-4

Houston County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
George Clark (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 15,771	\$ 370,069	Auto-Owners Insurance Company
James Bridges (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	65,078	400,000	Local Government Property and Casualty Fund
Road Superintendent	Section 8-24-102, <i>TCA</i>	74,379	400,000	"
Director of Schools	State Board of Education and County Board of Education	95,526 (1)	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	67,613	400,000	Local Government Property and Casualty Fund
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,613	50,000	Auto-Owners Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	67,613	400,000	Local Government Property and Casualty Fund
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	67,613	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	67,613	400,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	67,613	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	74,379 (2)	400,000	"
Employee Blanket Bonds:				
County Mayor and Road Superintendent:				
All Employees			400,000	Local Government Property and Casualty Fund
Director of Schools:				
All Employees			400,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of \$1,000.
(2) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,320,413	\$ 232,035	\$ 366,352	\$ 0	\$ 0	\$ 12,213
Discount on Property Taxes	(22,914)	(2,293)	(3,617)	0	0	(121)
Trustee's Collections - Prior Year	107,928	11,014	34,511	0	0	580
Trustee's Collections - Bankruptcy	152	13	0	0	0	1
Circuit Clerk/Clerk and Master Collections - Prior Years	53,031	5,305	8,530	0	0	279
Interest and Penalty	20,604	2,122	6,234	0	0	112
Payments in-Lieu-of Taxes - T.V.A.	418	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	21,152	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	95,639	0	0	0	0	0
Hotel/Motel Tax	16,395	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	12,619	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	12,052	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	15,250	0	0	0	0	0
Wholesale Beer Tax	21,187	0	0	0	0	0
Other Statutory Local Taxes	0	5,767	0	0	0	0
Total Local Taxes	\$ 2,673,926	\$ 253,963	\$ 412,010	\$ 0	\$ 0	\$ 13,064
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,504	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	2,792	0	0	0	0	0
Drug Control Fines	0	0	0	831	0	0
Jail Fees	346	0	0	0	0	0
Data Entry Fee - Circuit Court	412	0	0	0	0	0
Courtroom Security Fee	8	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	3,874	0	0	0	0	0
Officers Costs	10,510	0	0	0	0	0
Game and Fish Fines	137	0	0	0	0	0
Drug Control Fines	0	0	0	950	0	0
Jail Fees	1,228	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,634	0	0	0	0	0
Courtroom Security Fee	25	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	147	0	0	0	0	0
Officers Costs	1,121	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,015	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,334	0	0	0	0	0
Data Entry Fee - Chancery Court	5,290	0	0	0	0	0
Courtroom Security Fee	439	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	3,037	0	0
Total Fines, Forfeitures, and Penalties	\$ 32,816	\$ 0	\$ 0	\$ 4,818	\$ 0	0

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 2,193	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - State	12,984	0	0	0	0	0
Patient Charges	609,353	0	0	0	0	0
<u>Fees</u>						
Airport Fees	3,525	0	0	0	0	0
Archives and Records Management Fee	14,807	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	13,181	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	70,944	0
Data Processing Fee - Register	2,804	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,242	0	0	0	0	0
Data Processing Fee - County Clerk	144	0	0	0	0	0
Total Charges for Current Services	\$ 659,090	\$ 2,193	\$ 0	\$ 0	\$ 70,944	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Lease/Rentals	\$ 15,925	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commissary Sales	5,322	0	0	0	0	0
Sale of Recycled Materials	0	9,899	0	0	0	0
Miscellaneous Refunds	14,839	0	20	358	0	1,567
<u>Nonrecurring Items</u>						
Sale of Equipment	8,055	0	0	132,485	0	0
Total Other Local Revenues	\$ 44,141	\$ 9,899	\$ 20	\$ 132,843	\$ 0	\$ 1,567

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 21,347	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Officials	2,040	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	17,659	0	0	0	0	0
General Sessions Court Clerk	31,875	0	0	0	0	0
Clerk and Master	42,625	0	0	0	0	0
Juvenile Court Clerk	7,670	0	0	0	0	0
Register	32,696	0	0	0	0	0
Sheriff	5,268	0	0	0	0	0
Trustee	147,668	0	0	0	0	0
Total Fees Received From County Officials	\$ 308,848	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Airport Maintenance Program	3,295	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	119,452
State Aid Program	0	0	0	0	0	279,064
Litter Program	28,648	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	3,650	0	0	0	0	0
Resort District Sales Tax	37,130	0	0	0	0	0
Beer Tax	17,959	0	0	0	0	0
Alcoholic Beverage Tax	0	26,096	0	0	0	0

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Revenue Sharing - T.V.A.	\$ 164,317	\$ 35,000	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - Telecommunications	23,008	0	0	0	0	0
Contracted Prisoner Boarding	110,604	0	0	0	0	0
Gasoline and Motor Fuel Tax	23,072	0	0	0	0	1,756,644
Petroleum Special Tax	0	0	0	0	0	6,079
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	86,342	0	0	0	0	0
Other State Revenues	41,382	0	0	0	0	0
Total State of Tennessee	\$ 563,571	\$ 61,096	\$ 0	\$ 0	\$ 0	\$ 2,161,239
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 24,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	48,561	0	0	0
Homeland Security Grants	274	0	0	0	0	0
Law Enforcement Grants	3,840	0	0	0	0	0
Other Federal through State	107,714	0	0	0	0	0
Total Federal Government	\$ 135,828	\$ 0	\$ 48,561	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 172,577	\$ 0	\$ 3,445	\$ 0	\$ 0	\$ 0
Contracted Services	18,263	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	20	0	0	0
Total Other Governments and Citizens Groups	\$ 190,840	\$ 0	\$ 3,465	\$ 0	\$ 0	\$ 0
Total	\$ 4,609,268	\$ 327,151	\$ 464,056	\$ 137,661	\$ 70,944	\$ 2,175,870

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 317,510	\$ 3,248,523
Discount on Property Taxes	(3,135)	(32,080)
Trustee's Collections - Prior Year	0	154,033
Trustee's Collections - Bankruptcy	7	173
Circuit Clerk/Clerk and Master Collections - Prior Years	7,127	74,272
Interest and Penalty	671	29,743
Payments in-Lieu-of Taxes - T.V.A.	0	418
Payments in-Lieu-of Taxes - Local Utilities	0	21,152
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	95,639
Hotel/Motel Tax	0	16,395
Wheel Tax	504,924	504,924
Litigation Tax - General	0	12,619
Litigation Tax - Jail, Workhouse, or Courthouse	4,973	4,973
Business Tax	0	12,052
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	15,250
Wholesale Beer Tax	0	21,187
Other Statutory Local Taxes	0	5,767
Total Local Taxes	<u>\$ 832,077</u>	<u>\$ 4,185,040</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 208
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 208</u>

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	1,504
Officers Costs		0		2,792
Drug Control Fines		0		831
Jail Fees		0		346
Data Entry Fee - Circuit Court		0		412
Courtroom Security Fee		0		8
<u>General Sessions Court</u>				
Fines		0		3,874
Officers Costs		0		10,510
Game and Fish Fines		0		137
Drug Control Fines		0		950
Jail Fees		0		1,228
Data Entry Fee - General Sessions Court		0		1,634
Courtroom Security Fee		0		25
<u>Juvenile Court</u>				
Fines		0		147
Officers Costs		0		1,121
Data Entry Fee - Juvenile Court		0		2,015
<u>Chancery Court</u>				
Officers Costs		0		1,334
Data Entry Fee - Chancery Court		0		5,290
Courtroom Security Fee		0		439
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property		0		3,037
Total Fines, Forfeitures, and Penalties	\$	0	\$	37,634

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees	\$	0	\$	2,193
Surcharge - State		0		12,984
Patient Charges		0		609,353
<u>Fees</u>				
Airport Fees		0		3,525
Archives and Records Management Fee		0		14,807
Greenbelt Late Application Fee		0		50
Telephone Commissions		0		13,181
Constitutional Officers' Fees and Commissions		0		70,944
Data Processing Fee - Register		0		2,804
Sexual Offender Registration Fee - Sheriff		0		2,242
Data Processing Fee - County Clerk		0		144
Total Charges for Current Services	\$	0	\$	732,227
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Lease/Rentals	\$	0	\$	15,925
Commissary Sales		0		5,322
Sale of Recycled Materials		0		9,899
Miscellaneous Refunds		0		16,784
<u>Nonrecurring Items</u>				
Sale of Equipment		0		140,540
Total Other Local Revenues	\$	0	\$	188,470

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Fees Received From County Officials</u>				
<u>Excess Fees</u>				
County Clerk	\$	0	\$	21,347
Other Officials			0	2,040
<u>Fees In-Lieu-of Salary</u>				
Circuit Court Clerk			0	17,659
General Sessions Court Clerk			0	31,875
Clerk and Master			0	42,625
Juvenile Court Clerk			0	7,670
Register			0	32,696
Sheriff			0	5,268
Trustee			0	147,668
Total Fees Received From County Officials	\$	0	\$	308,848
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	9,000
Airport Maintenance Program			0	3,295
<u>Public Works Grants</u>				
Bridge Program			0	119,452
State Aid Program			0	279,064
Litter Program			0	28,648
<u>Other State Revenues</u>				
Income Tax			0	3,650
Resort District Sales Tax			50,246	87,376
Beer Tax			0	17,959
Alcoholic Beverage Tax			0	26,096

(Continued)

Exhibit J-5

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
State Revenue Sharing - T.V.A.	\$ 0	\$ 199,317
State Revenue Sharing - Telecommunications	0	23,008
Contracted Prisoner Boarding	0	110,604
Gasoline and Motor Fuel Tax	0	1,779,716
Petroleum Special Tax	0	6,079
Registrar's Salary Supplement	0	15,164
Other State Grants	0	86,342
Other State Revenues	0	41,382
Total State of Tennessee	<u>\$ 50,246</u>	<u>\$ 2,836,152</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
USDA - Other	\$ 0	\$ 24,000
Community Development	0	48,561
Homeland Security Grants	0	274
Law Enforcement Grants	0	3,840
Other Federal through State	0	107,714
Total Federal Government	<u>\$ 0</u>	<u>\$ 184,389</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 520,109	\$ 696,131
Contracted Services	0	18,263
<u>Citizens Groups</u>		
Donations	0	20
Total Other Governments and Citizens Groups	<u>\$ 520,109</u>	<u>\$ 714,414</u>
Total	<u>\$ 1,402,432</u>	<u>\$ 9,187,382</u>

Exhibit J-6

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 647,319	\$ 0	\$ 0	\$ 647,319
Discount on Property Taxes	(6,393)	0	0	(6,393)
Trustee's Collections - Prior Year	30,751	0	0	30,751
Trustee's Collections - Bankruptcy	52	0	0	52
Circuit Clerk/Clerk and Master Collections - Prior Years	15,939	0	0	15,939
Interest and Penalty	5,917	0	0	5,917
Payments in-Lieu-of Taxes - T.V.A.	628	0	0	628
Payments in-Lieu-of Taxes - Local Utilities	31,728	0	0	31,728
<u>County Local Option Taxes</u>				
Local Option Sales Tax	641,328	0	0	641,328
Business Tax	18,078	0	0	18,078
Total Local Taxes	<u>\$ 1,385,347</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,385,347</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 560	\$ 0	\$ 0	\$ 560
Total Licenses and Permits	<u>\$ 560</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 560</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 7,658	\$ 0	\$ 0	\$ 7,658
Lunch Payments - Children	0	0	167,862	167,862
Lunch Payments - Adults	0	0	25,354	25,354
Income from Breakfast	0	0	31,636	31,636

(Continued)

Exhibit J-6

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
A la Carte Sales	\$ 0	\$ 0	\$ 28,610	\$ 28,610
Receipts from Individual Schools	23,093	0	0	23,093
Total Charges for Current Services	<u>\$ 30,751</u>	<u>\$ 0</u>	<u>\$ 253,462</u>	<u>\$ 284,213</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 35,977	\$ 0	\$ 1,841	\$ 37,818
Miscellaneous Refunds	23,908	0	7,370	31,278
<u>Nonrecurring Items</u>				
Sale of Equipment	3,110	0	0	3,110
Damages Recovered from Individuals	70	0	0	70
Contributions and Gifts	2,000	0	0	2,000
Total Other Local Revenues	<u>\$ 65,065</u>	<u>\$ 0</u>	<u>\$ 9,211</u>	<u>\$ 74,276</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 37,117	\$ 0	\$ 0	\$ 37,117
<u>State Education Funds</u>				
Basic Education Program	8,763,000	0	0	8,763,000
Early Childhood Education	311,827	0	0	311,827
School Food Service	6,355	0	706	7,061
Other State Education Funds	55,170	0	0	55,170
Coordinated School Health	89,381	0	0	89,381
Family Resource Centers	29,080	0	0	29,080

(Continued)

Exhibit J-6

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 33,791	\$ 0	\$ 0	\$ 33,791
Other Vocational	75,000	0	0	75,000
<u>Other State Revenues</u>				
Income Tax	5,475	0	0	5,475
State Revenue Sharing - T.V.A.	243,462	0	0	243,462
Other State Grants	6,555	0	10,000	16,555
Safe Schools	59,447	0	0	59,447
Other State Revenues	4,750	0	0	4,750
Total State of Tennessee	<u>\$ 9,720,410</u>	<u>\$ 0</u>	<u>\$ 10,706</u>	<u>\$ 9,731,116</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 352,563	\$ 352,563
USDA - Commodities	0	0	52,531	52,531
Breakfast	0	0	146,982	146,982
Vocational Education - Basic Grants to States	0	61,050	0	61,050
Title I Grants to Local Education Agencies	0	397,321	0	397,321
Special Education - Grants to States	80,353	363,640	0	443,993
Special Education Preschool Grants	0	20,428	0	20,428
Rural Education	0	30,884	0	30,884
Eisenhower Professional Development State Grants	0	39,153	0	39,153
Medicaid	7,122	0	0	7,122
Other Federal through State	0	1,065	0	1,065
Total Federal Government	<u>\$ 87,475</u>	<u>\$ 913,541</u>	<u>\$ 552,076</u>	<u>\$ 1,553,092</u>

(Continued)

Exhibit J-6

Houston County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 115,882	\$ 0	\$ 0	\$ 115,882
Total Other Governments and Citizens Groups	<u>\$ 115,882</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 115,882</u>
 Total	 <u>\$ 11,405,490</u>	 <u>\$ 913,541</u>	 <u>\$ 825,455</u>	 <u>\$ 13,144,486</u>

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	8,900	
Social Security		614	
Unemployment Compensation		7	
Employer Medicare		144	
Audit Services		3,202	
Dues and Memberships		1,418	
Legal Services		61,561	
Legal Notices, Recording, and Court Costs		1,598	
Other Contracted Services		1,000	
Total County Commission			\$ 78,444

Board of Equalization

Board and Committee Members Fees	\$	960	
Social Security		60	
Unemployment Compensation		5	
Employer Medicare		14	
Total Board of Equalization			1,039

Budget and Finance Committee

Other Salaries and Wages	\$	675	
Board and Committee Members Fees		2,000	
Social Security		166	
Employer Medicare		39	
Total Budget and Finance Committee			2,880

Other Boards and Committees

Part-time Personnel	\$	8,912	
Social Security		552	
Unemployment Compensation		55	
Employer Medicare		129	
Travel		50	
Instructional Supplies and Materials		2,996	
Other Supplies and Materials		3,100	
Total Other Boards and Committees			15,794

County Mayor/Executive

County Official/Administrative Officer	\$	80,849	
Accountants/Bookkeepers		23,776	
Clerical Personnel		14,969	
In-service Training		300	
Social Security		7,415	
Unemployment Compensation		325	
Employer Medicare		1,734	
Data Processing Services		12,393	
Dues and Memberships		180	
Travel		2,290	
Office Supplies		2,903	
Data Processing Equipment		9,088	
Total County Mayor/Executive			156,222

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$ 25,000	
Total County Attorney		\$ 25,000

Election Commission

County Official/Administrative Officer	\$ 60,852	
Clerical Personnel	16,058	
Election Commission	3,550	
Election Workers	46,131	
In-service Training	860	
Social Security	6,001	
Unemployment Compensation	482	
Employer Medicare	1,403	
Data Processing Services	11,291	
Dues and Memberships	350	
Legal Notices, Recording, and Court Costs	7,783	
Maintenance and Repair Services - Buildings	600	
Maintenance and Repair Services - Office Equipment	2,462	
Rentals	1,600	
Travel	1,265	
Data Processing Supplies	4,097	
Utilities	3,552	
Other Supplies and Materials	4,558	
Data Processing Equipment	1,817	
Total Election Commission		174,712

Register of Deeds

County Official/Administrative Officer	\$ 67,613	
Deputy(ies)	17,094	
Social Security	5,252	
Unemployment Compensation	140	
Employer Medicare	1,228	
Dues and Memberships	532	
Printing, Stationery, and Forms	134	
Office Supplies	2,740	
Data Processing Equipment	3,177	
Office Equipment	260	
Total Register of Deeds		98,170

Development

Other Construction	\$ 245,341	
Total Development		245,341

Planning

Data Processing Personnel	\$ 9,831	
Social Security	610	
Unemployment Compensation	76	
Employer Medicare	143	
Total Planning		10,660

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Building

Maintenance and Repair Services - Buildings	\$	1,375	
Building Construction		<u>4,754</u>	
Total Building			\$ 6,129

County Buildings

Custodial Personnel	\$	21,154	
Social Security		1,312	
Unemployment Compensation		140	
Employer Medicare		307	
Maintenance Agreements		3,325	
Maintenance and Repair Services - Buildings		14,385	
Other Contracted Services		660	
Custodial Supplies		2,862	
Electricity		11,955	
Natural Gas		2,753	
Water and Sewer		<u>3,489</u>	
Total County Buildings			62,342

Other General Administration

Postal Charges	\$	12,256	
Rentals		4,614	
Data Processing Supplies		<u>3,099</u>	
Total Other General Administration			19,969

Finance

Central Services

Other Salaries and Wages	\$	12,884	
Social Security		799	
Unemployment Compensation		81	
Employer Medicare		<u>187</u>	
Total Central Services			13,951

Property Assessor's Office

County Official/Administrative Officer	\$	67,613	
Secretary(ies)		14,581	
Social Security		5,171	
Unemployment Compensation		131	
Employer Medicare		1,209	
Contracts with Private Agencies		900	
Data Processing Services		2,074	
Dues and Memberships		1,085	
Legal Notices, Recording, and Court Costs		93	
Travel		290	
Gasoline		242	
Office Supplies		<u>1,109</u>	
Total Property Assessor's Office			94,498

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Laborers	\$	4,445	
Clerical Personnel		182	
In-service Training		100	
Social Security		212	
Unemployment Compensation		56	
Employer Medicare		50	
Data Processing Services		1,291	
Travel		160	
Total Reappraisal Program			\$ 6,496

County Trustee's Office

County Official/Administrative Officer	\$	67,613	
Clerical Personnel		20,527	
Other Salaries and Wages		2,997	
Social Security		5,650	
Unemployment Compensation		200	
Employer Medicare		1,321	
Data Processing Services		9,113	
Dues and Memberships		580	
Legal Notices, Recording, and Court Costs		82	
Maintenance and Repair Services - Office Equipment		55	
Travel		163	
Other Contracted Services		3,542	
Office Supplies		941	
Data Processing Equipment		3,213	
Total County Trustee's Office			115,997

County Clerk's Office

Deputy(ies)	\$	13,930	
Secretary(ies)		23,836	
Clerical Personnel		4,969	
Other Salaries and Wages		6,484	
Social Security		7,591	
Unemployment Compensation		420	
Employer Medicare		1,775	
Contracts with Private Agencies		3,000	
Maintenance and Repair Services - Records		1,735	
Office Supplies		1,938	
Total County Clerk's Office			65,678

Data Processing

Office Equipment	\$	568	
Total Data Processing			568

Other Finance

Contracts with Government Agencies	\$	5,963	
Total Other Finance			5,963

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,613	
Deputy(ies)		18,548	
Clerical Personnel		19,291	
Other Salaries and Wages		5,971	
Jury and Witness Expense		5,661	
Social Security		6,908	
Unemployment Compensation		420	
Employer Medicare		1,616	
Data Processing Services		11,088	
Dues and Memberships		471	
Legal Notices, Recording, and Court Costs		710	
Travel		281	
Office Supplies		3,482	
Total Circuit Court			\$ 142,060

General Sessions Judge

Judge(s)	\$	52,671	
Salary Supplements		4,598	
Social Security		3,551	
Employer Medicare		830	
Dues and Memberships		275	
Travel		1,559	
Total General Sessions Judge			63,484

Chancery Court

County Official/Administrative Officer	\$	67,613	
Deputy(ies)		18,767	
Part-time Personnel		3,000	
Social Security		5,542	
Unemployment Compensation		284	
Employer Medicare		1,296	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		30	
Travel		253	
Office Supplies		1,682	
Data Processing Equipment		6,372	
Total Chancery Court			104,899

Juvenile Court

Judge(s)	\$	13,804	
Social Workers		28,483	
Guards		120	
Social Security		2,622	
Unemployment Compensation		139	
Employer Medicare		613	
Travel		412	
Other Supplies and Materials		500	
Other Charges		730	
Total Juvenile Court			47,423

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General

County Official/Administrative Officer	\$ 2,586	
Total District Attorney General		\$ 2,586

Judicial Commissioners

Clerical Personnel	\$ 13,133	
Social Security	814	
Employer Medicare	190	
Total Judicial Commissioners		14,137

Courtroom Security

Laborers	\$ 1,640	
Social Security	102	
Unemployment Compensation	33	
Employer Medicare	24	
Total Courtroom Security		1,799

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 74,379	
Deputy(ies)	244,746	
Salary Supplements	5,400	
Secretary(ies)	35,226	
In-service Training	8,500	
Social Security	22,164	
Unemployment Compensation	1,349	
Employer Medicare	5,190	
Maintenance and Repair Services - Equipment	1,000	
Maintenance and Repair Services - Office Equipment	1,042	
Maintenance and Repair Services - Vehicles	9,000	
Postal Charges	750	
Travel	195	
Gasoline	31,226	
Law Enforcement Supplies	896	
Office Supplies	2,623	
Tires and Tubes	4,877	
Uniforms	1,820	
Other Supplies and Materials	1,731	
Data Processing Equipment	650	
Law Enforcement Equipment	2,894	
Total Sheriff's Department		455,658

Special Patrols

Deputy(ies)	\$ 5,342	
Social Security	303	
Unemployment Compensation	7	
Employer Medicare	71	
Total Special Patrols		5,723

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Evaluation and Testing	\$ 2,250	
Total Drug Enforcement		\$ 2,250

Administration of the Sexual Offender Registry

Law Enforcement Equipment	\$ 450	
Total Administration of the Sexual Offender Registry		450

Jail

Guards	\$ 301,011	
Social Security	18,802	
Unemployment Compensation	2,988	
Employer Medicare	4,397	
Communication	10,369	
Data Processing Services	1,489	
Dues and Memberships	975	
Maintenance and Repair Services - Buildings	32,549	
Maintenance and Repair Services - Equipment	9,981	
Maintenance and Repair Services - Office Equipment	1,001	
Medical and Dental Services	109,228	
Pest Control	303	
Postal Charges	500	
Custodial Supplies	4,674	
Electricity	28,826	
Food Supplies	36,732	
Gasoline	3,201	
Law Enforcement Supplies	276	
Natural Gas	7,853	
Office Supplies	1,298	
Prisoners Clothing	983	
Uniforms	4,176	
Water and Sewer	12,689	
Other Supplies and Materials	4,000	
Law Enforcement Equipment	2,434	
Total Jail		600,735

Fire Prevention and Control

Supervisor/Director	\$ 11,384	
In-service Training	5,773	
Social Security	706	
Unemployment Compensation	168	
Employer Medicare	165	
Travel	630	
Electricity	1,862	
Equipment and Machinery Parts	10,391	
Gasoline	7,756	
Instructional Supplies and Materials	356	
Natural Gas	2,932	

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Office Supplies	\$	3,255	
Water and Sewer		598	
Other Charges		1,000	
Building Construction		1,480	
Maintenance Equipment		43,851	
Total Fire Prevention and Control			\$ 92,307

Rural Fire Protection

Maintenance and Repair Services - Equipment	\$	2,263	
Other Contracted Services		193	
Instructional Supplies and Materials		485	
Office Equipment		484	
Total Rural Fire Protection			3,425

Civil Defense

Dues and Memberships	\$	55	
Tuition		495	
Other Charges		278	
Total Civil Defense			828

Rescue Squad

Equipment and Machinery Parts	\$	115,559	
Total Rescue Squad			115,559

Other Emergency Management

Supervisor/Director	\$	25,375	
Salary Supplements		5,593	
Dispatchers/Radio Operators		129,046	
Social Security		9,921	
Unemployment Compensation		1,220	
Employer Medicare		2,320	
Communication		5,070	
Contracts with Private Agencies		2,240	
Maintenance and Repair Services - Buildings		2,422	
Maintenance and Repair Services - Office Equipment		1,445	
Pest Control		203	
Postal Charges		56	
Travel		160	
Custodial Supplies		1,000	
Electricity		11,189	
Natural Gas		677	
Office Supplies		1,372	
Water and Sewer		191	
Total Other Emergency Management			199,500

County Coroner/Medical Examiner

Medical Personnel	\$	22,698	
Total County Coroner/Medical Examiner			22,698

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	6,000	
Social Security		372	
Unemployment Compensation		120	
Employer Medicare		87	
Communication		3,947	
Contracts with Government Agencies		7,960	
Electricity		6,280	
Water and Sewer		2,069	
Other Supplies and Materials		41	
Other Charges		383	
Total Local Health Center			\$ 27,259

Ambulance/Emergency Medical Services

Supervisor/Director	\$	38,003	
Accountants/Bookkeepers		24,470	
Medical Personnel		283,405	
Paraprofessionals		224,188	
Other Salaries and Wages		375	
In-service Training		1,597	
Social Security		35,367	
Unemployment Compensation		2,388	
Employer Medicare		8,271	
Contracts with Private Agencies		1,105	
Data Processing Services		8,957	
Licenses		1,522	
Maintenance and Repair Services - Buildings		730	
Maintenance and Repair Services - Office Equipment		437	
Maintenance and Repair Services - Vehicles		39,172	
Pest Control		605	
Postal Charges		292	
Travel		343	
Remittance of Revenue Collected		1,924	
Other Contracted Services		698	
Custodial Supplies		2,128	
Drugs and Medical Supplies		40,292	
Electricity		7,409	
Gasoline		25,505	
Office Supplies		1,961	
Uniforms		2,443	
Utilities		5,649	
Water and Sewer		525	
Other Charges		656	
Office Equipment		3,796	
Total Ambulance/Emergency Medical Services			764,213

Sanitation Education/Information

Laborers	\$	12,083	
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(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Clerical Personnel	\$	6,645	
Social Security		1,161	
Unemployment Compensation		152	
Employer Medicare		272	
Maintenance and Repair Services - Vehicles		2,119	
Gasoline		2,934	
Other Supplies and Materials		1,067	
Other Charges		13,198	
Total Sanitation Education/Information			\$ 39,631

Waste Pickup

Laborers	\$	4,008	
Clerical Personnel		619	
Social Security		287	
Unemployment Compensation		93	
Employer Medicare		67	
Gasoline		801	
Total Waste Pickup			5,875

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	13,165	
Total Adult Activities			13,165

Libraries

Deputy(ies)	\$	17,200	
Librarians		33,254	
Clerical Personnel		18,604	
Part-time Personnel		9,527	
Social Security		4,947	
Unemployment Compensation		641	
Employer Medicare		1,157	
Dues and Memberships		215	
Janitorial Services		1,200	
Maintenance and Repair Services - Buildings		2,093	
Postal Charges		400	
Travel		650	
Other Contracted Services		430	
Custodial Supplies		599	
Data Processing Supplies		2,062	
Electricity		6,284	
Library Books/Media		11,368	
Natural Gas		955	
Office Supplies		2,006	
Water and Sewer		456	
Other Supplies and Materials		1,871	
Total Libraries			115,919

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Custodial Supplies	\$	313	
Electricity		2,478	
Water and Sewer		819	
Total Parks and Fair Boards			\$ 3,610

Other Social, Cultural, and Recreational

Contracts with Other Public Agencies	\$	15,400	
Total Other Social, Cultural, and Recreational			15,400

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	11,220	
Supervisor/Director		13,141	
Secretary(ies)		7,076	
Social Security		1,134	
Local Retirement		4,787	
Travel		2,803	
Office Supplies		1,249	
Data Processing Equipment		896	
Other Equipment		1,173	
Total Agricultural Extension Service			43,479

Forest Service

Other Equipment	\$	1,500	
Total Forest Service			1,500

Soil Conservation

Secretary(ies)	\$	7,021	
Social Security		435	
Unemployment Compensation		140	
Employer Medicare		102	
Contributions		200	
Total Soil Conservation			7,898

Other Operations

Tourism

Maintenance Personnel	\$	2,367	
Social Security		147	
Unemployment Compensation		40	
Employer Medicare		34	
Contracts with Other Public Agencies		1,663	
Maintenance and Repair Services - Buildings		735	
Maintenance and Repair Services - Equipment		756	
Electricity		2,662	
Garage Supplies		1,726	
Other Charges		545	
Building Improvements		718	
Total Tourism			11,393

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Engineering Services	\$	9,482	
Other Construction		12,091	
Total Industrial Development			\$ 21,573

Airport

Part-time Personnel	\$	19,580	
Social Security		1,214	
Unemployment Compensation		168	
Employer Medicare		284	
Contracts with Private Agencies		7,658	
Maintenance Agreements		486	
Travel		50	
Diesel Fuel		18,634	
Electricity		1,839	
Water and Sewer		333	
Building and Contents Insurance		1,705	
Total Airport			51,951

Veterans' Services

Supervisor/Director	\$	13,760	
Social Security		853	
Unemployment Compensation		217	
Employer Medicare		200	
Communication		1,462	
Travel		1,085	
Electricity		1,842	
Water and Sewer		331	
Other Supplies and Materials		959	
Total Veterans' Services			20,709

Other Charges

Communication	\$	46,697	
Total Other Charges			46,697

Employee Benefits

Medical Insurance	\$	178,312	
Workers' Compensation Insurance		72,685	
Total Employee Benefits			250,997

Payments to Cities

Matching Share	\$	9,547	
Total Payments to Cities			9,547

Miscellaneous

Dues and Memberships	\$	1,977	
Liability Insurance		118,239	
Trustee's Commission		55,318	
Other Charges		9,786	
Total Miscellaneous			185,320

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 8,235	
Total General Government		\$ 8,235

Capital Projects

General Administration Projects

Building Improvements	\$ 706	
Total General Administration Projects		706

Public Health and Welfare Projects

Motor Vehicles	\$ 126,131	
Total Public Health and Welfare Projects		126,131

Social, Cultural, and Recreation Projects

Health Equipment	\$ 2,940	
Total Social, Cultural, and Recreation Projects		2,940

Other General Government Projects

Other Contracted Services	\$ 70,731	
Total Other General Government Projects		70,731

Total General Fund		\$ 4,920,253
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Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Equipment Operators	\$ 51,087	
Other Salaries and Wages	1,050	
Social Security	3,237	
Unemployment Compensation	460	
Employer Medicare	757	
Communication	760	
Contracts with Private Agencies	208,244	
Evaluation and Testing	3,468	
Operating Lease Payments	4,625	
Maintenance and Repair Services - Equipment	4,971	
Travel	100	
Disposal Fees	546	
Diesel Fuel	2,545	
Electricity	2,166	
Water and Sewer	2,400	
Maintenance Equipment	10,152	
Plant Operation Equipment	201,982	
Total Convenience Centers		\$ 498,550

Other Operations

Other Charges

Trustee's Commission	\$ 5,681	
Total Other Charges		5,681

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Medical Insurance	\$ 12,605	
Total Employee Benefits		\$ 12,605

Interest on Debt

General Government

Interest on Notes	\$ 2,610	
Total General Government		<u>2,610</u>

Total Solid Waste/Sanitation Fund			\$ 519,446
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Special Purpose Fund

Public Health and Welfare

Other Local Health Services

Building Improvements	\$ 52,726	
Total Other Local Health Services		\$ 52,726

Other Operations

Other Charges

Trustee's Commission	\$ 8,326	
Total Other Charges		8,326

Miscellaneous

Trustee's Commission	\$ 2	
Total Miscellaneous		<u>2</u>

Total Special Purpose Fund			61,054
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Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$ 3,854	
Other Charges	3,417	
Law Enforcement Equipment	99,584	
Total Drug Enforcement		<u>\$ 106,855</u>

Total Drug Control Fund			106,855
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Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 68,396	
Total County Clerk's Office		<u>\$ 68,396</u>

Total Constitutional Officers - Fees Fund			68,396
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(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	74,379	
Accountants/Bookkeepers		38,444	
Secretary(ies)		37,842	
Overtime Pay		273	
Data Processing Services		9,676	
Dues and Memberships		2,359	
Freight Expenses		1,616	
Operating Lease Payments		1,817	
Legal Notices, Recording, and Court Costs		555	
Postal Charges		232	
Printing, Stationery, and Forms		244	
Travel		1,633	
Office Supplies		809	
Other Charges		95	
Total Administration			\$ 169,974

Highway and Bridge Maintenance

Foremen	\$	36,349	
Equipment Operators		287,966	
Truck Drivers		110,326	
Laborers		80,488	
Overtime Pay		13,566	
Other Contracted Services		65,038	
Asphalt - Cold Mix		11,866	
Asphalt - Liquid		248,829	
Crushed Stone		208,761	
Other Road Materials		8	
Pipe - Metal		13,811	
Road Signs		3,674	
Sand		367	
Structural Steel		110	
Wood Products		210	
Other Supplies and Materials		141	
Total Highway and Bridge Maintenance			1,081,510

Operation and Maintenance of Equipment

Mechanic(s)	\$	60,062	
Overtime Pay		1,279	
Licenses		22	
Maintenance and Repair Services - Equipment		33,100	
Maintenance and Repair Services - Vehicles		3,350	
Diesel Fuel		62,298	
Equipment and Machinery Parts		63,573	
Garage Supplies		10,084	
Gasoline		19,873	
Lubricants		6,574	
Small Tools		1,336	

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	25,373	
Vehicle Parts		27,818	
Total Operation and Maintenance of Equipment			\$ 314,742

Other Charges

Communication	\$	5,375	
Contracts with Private Agencies		940	
Janitorial Services		1,800	
Pest Control		300	
Rentals		3,300	
Custodial Supplies		249	
Electricity		6,038	
Natural Gas		4,298	
Water and Sewer		532	
Other Supplies and Materials		133	
Trustee's Commission		17,830	
Vehicle and Equipment Insurance		17,209	
Liability Claims		1,000	
Other Charges		1,581	
Total Other Charges			60,585

Employee Benefits

Social Security	\$	42,579	
Life Insurance		7,864	
Medical Insurance		134,147	
Unemployment Compensation		5,833	
Employer Medicare		9,958	
Laundry Service		3,114	
Workers' Compensation Insurance		29,990	
Total Employee Benefits			233,485

Capital Outlay

Engineering Services	\$	10,172	
Bridge Construction		101,820	
Highway Equipment		107,227	
Motor Vehicles		4,700	
Office Equipment		65	
State Aid Projects		271,372	
Total Capital Outlay			495,356

Principal on Debt

Highways and Streets

Principal on Notes	\$	57,553	
Total Highways and Streets			57,553

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Notes

\$ 5,697

Total Highways and Streets

\$ 5,697

Total Highway/Public Works Fund

\$ 2,418,902

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds

\$ 119,985

Principal on Notes

225,270

Principal on Other Loans

205,000

Total General Government

\$ 550,255

Education

Principal on Notes

\$ 50,427

Principal on Capital Leases

31,836

Principal on Other Loans

474,572

Total Education

556,835

Interest on Debt

General Government

Interest on Bonds

\$ 222,915

Interest on Notes

59,227

Interest on Other Loans

39,430

Total General Government

321,572

Education

Interest on Notes

\$ 4,402

Interest on Capital Leases

5,883

Interest on Other Loans

154,250

Total Education

164,535

Other Debt Service

General Government

Trustee's Commission

\$ 16,011

Total General Government

16,011

Total General Debt Service Fund

1,609,208

General Capital Projects Fund

Other Operations

Industrial Development

Building Construction

\$ 6,455

Total Industrial Development

\$ 6,455

Total General Capital Projects Fund

6,455

(Continued)

Exhibit J-7

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	115,882	
Total Education Capital Projects			\$ 115,882
Total Education Capital Projects Fund			\$ 115,882
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Other Construction	\$	13,019	
Total Public Health and Welfare Projects			\$ 13,019
Total Other Capital Projects Fund			13,019
Total Governmental Funds - Primary Government			\$ 9,839,470

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,432,951	
Career Ladder Program		21,200	
Homebound Teachers		1,118	
Educational Assistants		142,623	
Other Salaries and Wages		110,567	
Non-certified Substitute Teachers		53,665	
Social Security		219,041	
Pensions		341,924	
Life Insurance		4,387	
Medical Insurance		315,461	
Employer Medicare		51,227	
Other Contracted Services		27,184	
Instructional Supplies and Materials		51,990	
Textbooks - Bound		119,689	
Other Supplies and Materials		558	
Regular Instruction Equipment		24,284	
Total Regular Instruction Program			\$ 4,917,869

Special Education Program

Teachers	\$	368,806	
Homebound Teachers		150	
Educational Assistants		122,417	
Non-certified Substitute Teachers		7,465	
Social Security		27,660	
Pensions		37,448	
Medical Insurance		66,942	
Employer Medicare		6,469	
Instructional Supplies and Materials		224	
Other Supplies and Materials		502	
Other Charges		84	
Special Education Equipment		620	
Total Special Education Program			638,787

Career and Technical Education Program

Teachers	\$	226,162	
Other Salaries and Wages		500	
Non-certified Substitute Teachers		3,110	
Social Security		11,759	
Pensions		22,654	
Medical Insurance		39,279	
Employer Medicare		2,750	
Instructional Supplies and Materials		641	
Other Supplies and Materials		5,686	
Vocational Instruction Equipment		75,000	
Total Career and Technical Education Program			387,541

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	16,398	
Social Security		862	
Pensions		1,715	
Medical Insurance		2,396	
Employer Medicare		202	
In Service/Staff Development		831	
Total Attendance			\$ 22,404

Health Services

Supervisor/Director	\$	45,332	
Medical Personnel		18,852	
Other Salaries and Wages		1,650	
Social Security		4,054	
Employer Medicare		948	
Travel		5,482	
Drugs and Medical Supplies		153	
Other Supplies and Materials		33,756	
Total Health Services			110,227

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		160,645	
School Resource Officer		5,760	
Other Salaries and Wages		23,440	
Social Security		10,606	
Pensions		16,908	
Medical Insurance		12,889	
Employer Medicare		2,481	
Contracts with Government Agencies		8,740	
Evaluation and Testing		3,496	
Other Charges		89	
Other Equipment		15,570	
Total Other Student Support			261,624

Regular Instruction Program

Supervisor/Director	\$	158,700	
Career Ladder Program		3,100	
Librarians		180,275	
Social Security		19,853	
Pensions		28,798	
Medical Insurance		28,882	
Employer Medicare		4,643	
Travel		316	
Library Books/Media		7,000	
Other Supplies and Materials		5,294	
In Service/Staff Development		10,484	
Other Equipment		1,494	
Total Regular Instruction Program			448,839

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program

Supervisor/Director	\$	51,069	
Career Ladder Program		1,000	
Social Security		2,698	
Pensions		5,446	
Medical Insurance		8,037	
Employer Medicare		631	
Other Equipment		795	
Total Alternative Instruction Program			\$ 69,676

Special Education Program

Supervisor/Director	\$	41,256	
Psychological Personnel		63,317	
Other Salaries and Wages		6,343	
Social Security		6,431	
Pensions		11,043	
Medical Insurance		10,578	
Employer Medicare		1,504	
Travel		1,091	
Other Contracted Services		32,835	
Other Supplies and Materials		1,850	
In Service/Staff Development		859	
Other Charges		433	
Total Special Education Program			177,540

Technology

Supervisor/Director	\$	66,160	
Other Salaries and Wages		56,843	
Social Security		6,519	
Pensions		6,920	
Medical Insurance		18,421	
Employer Medicare		1,525	
Internet Connectivity		32,070	
Other Contracted Services		4,290	
Software		900	
Other Equipment		4,745	
Total Technology			198,393

Other Programs

On-behalf Payments to OPEB	\$	37,117	
Total Other Programs			37,117

Board of Education

Board and Committee Members Fees	\$	5,050	
Social Security		311	
Unemployment Compensation		9,970	
Employer Medicare		73	

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Audit Services	\$	3,500	
Dues and Memberships		5,085	
Legal Services		1,645	
Other Contracted Services		5,250	
Liability Insurance		149,658	
Trustee's Commission		39,041	
Workers' Compensation Insurance		111,861	
In Service/Staff Development		5,730	
Criminal Investigation of Applicants - TBI		2,555	
Other Charges		11,319	
Total Board of Education			\$ 351,048

Director of Schools

County Official/Administrative Officer	\$	94,526	
Assistant(s)		2,500	
Career Ladder Program		1,000	
Secretary(ies)		33,950	
Clerical Personnel		32,890	
Social Security		9,686	
Pensions		9,992	
Medical Insurance		17,082	
Employer Medicare		2,265	
Communication		6,986	
Dues and Memberships		1,948	
Postal Charges		2,345	
In Service/Staff Development		5,013	
Other Charges		434	
Total Director of Schools			220,617

Office of the Principal

Principals	\$	292,604	
Career Ladder Program		2,000	
Assistant Principals		104,796	
Secretary(ies)		89,945	
Clerical Personnel		60,447	
Social Security		31,837	
Pensions		41,777	
Medical Insurance		42,243	
Employer Medicare		7,446	
Communication		11,980	
Other Supplies and Materials		466	
In Service/Staff Development		2,020	
Other Charges		8,122	
Total Office of the Principal			695,683

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	80,620	
Social Security		4,963	
Employer Medicare		1,161	
Other Contracted Services		20,780	
Data Processing Supplies		722	
Office Supplies		5,160	
In Service/Staff Development		2,529	
Administration Equipment		379	
Total Fiscal Services			\$ 116,314

Operation of Plant

Guards	\$	29,236	
Custodial Personnel		186,215	
Other Salaries and Wages		43,687	
Social Security		15,595	
Medical Insurance		25,988	
Employer Medicare		3,647	
Maintenance and Repair Services - Equipment		4,873	
Rentals		12,000	
Disposal Fees		7,104	
Other Contracted Services		17,892	
Custodial Supplies		22,669	
Electricity		318,122	
Natural Gas		59,670	
Water and Sewer		65,602	
Other Supplies and Materials		660	
Boiler Insurance		4,376	
Other Charges		262	
Plant Operation Equipment		2,157	
Total Operation of Plant			819,755

Maintenance of Plant

Maintenance Personnel	\$	104,018	
Social Security		6,311	
Medical Insurance		11,284	
Employer Medicare		1,476	
Maintenance and Repair Services - Buildings		18,675	
Maintenance and Repair Services - Equipment		14,975	
Other Contracted Services		65,000	
Other Supplies and Materials		4,749	
Administration Equipment		31,636	
Total Maintenance of Plant			258,124

Transportation

Supervisor/Director	\$	44,500	
Mechanic(s)		75,239	

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Bus Drivers	\$	144,713	
Other Salaries and Wages		46,295	
Social Security		17,795	
Medical Insurance		29,751	
Employer Medicare		4,162	
Communication		2,190	
Contracts with Parents		900	
Maintenance and Repair Services - Vehicles		12,877	
Medical and Dental Services		1,890	
Other Contracted Services		2,025	
Garage Supplies		3,373	
Gasoline		68,816	
Lubricants		3,014	
Tires and Tubes		13,854	
Vehicle Parts		33,110	
Other Supplies and Materials		2,461	
In Service/Staff Development		3,115	
Other Charges		2,163	
Transportation Equipment		178,476	
Total Transportation			\$ 690,719

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	34,883	
Other Salaries and Wages		1,830	
Social Security		2,155	
Medical Insurance		1,867	
Employer Medicare		504	
Total Food Service			41,239

Community Services

Supervisor/Director	\$	20,160	
Other Salaries and Wages		5,985	
Social Security		1,627	
Employer Medicare		380	
Travel		69	
Other Supplies and Materials		859	
Total Community Services			29,080

Early Childhood Education

Supervisor/Director	\$	38,082	
Teachers		140,610	
Educational Assistants		62,536	
Other Salaries and Wages		10,362	
Non-certified Substitute Teachers		1,555	
Social Security		14,742	

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Pensions	\$	17,262	
Medical Insurance		17,416	
Employer Medicare		3,448	
Instructional Supplies and Materials		3,837	
Other Supplies and Materials		23	
In Service/Staff Development		409	
Other Charges		708	
Total Early Childhood Education			\$ 310,990

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	21,000	
Building Improvements		143,628	
Total Regular Capital Outlay			164,628

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	520,108	
Total Education			520,108

Total General Purpose School Fund \$ 11,488,322

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	188,842	
Educational Assistants		100,517	
Non-certified Substitute Teachers		1,130	
Social Security		17,300	
Pensions		19,753	
Medical Insurance		24,962	
Employer Medicare		4,046	
Instructional Supplies and Materials		60,355	
Other Supplies and Materials		3,969	
Regular Instruction Equipment		18,811	
Total Regular Instruction Program			\$ 439,685

Special Education Program

Teachers	\$	67,932	
Educational Assistants		81,641	
Speech Pathologist		55,354	
Non-certified Substitute Teachers		5,890	
Social Security		12,388	
Pensions		8,063	
Medical Insurance		15,760	
Employer Medicare		2,897	

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Contracts with Private Agencies	\$	31,322	
Instructional Supplies and Materials		52,334	
Other Supplies and Materials		234	
Total Special Education Program			\$ 333,815

Career and Technical Education Program

Instructional Supplies and Materials	\$	2,049	
Other Supplies and Materials		4,050	
Vocational Instruction Equipment		48,215	
Total Career and Technical Education Program			54,314

Support Services

Other Student Support

Travel	\$	3,705	
In Service/Staff Development		2,048	
Total Other Student Support			5,753

Regular Instruction Program

Other Salaries and Wages	\$	5,323	
Social Security		330	
Pensions		557	
Employer Medicare		77	
Other Contracted Services		3,674	
In Service/Staff Development		18,774	
Total Regular Instruction Program			28,735

Special Education Program

Other Contracted Services	\$	18,949	
Other Supplies and Materials		601	
In Service/Staff Development		19,106	
Total Special Education Program			38,656

Career and Technical Education Program

In Service/Staff Development	\$	983	
Total Career and Technical Education Program			983

Transportation

Other Salaries and Wages	\$	5,350	
Social Security		332	
Employer Medicare		78	
Total Transportation			5,760

Total School Federal Projects Fund \$ 907,701

(Continued)

Exhibit J-8

Houston County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Houston County School Department (Cont.)

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	289,463	
Social Security		17,388	
Medical Insurance		21,378	
Employer Medicare		4,067	
Communication		2,178	
Maintenance and Repair Services - Equipment		17,575	
Travel		305	
Other Contracted Services		5,840	
Food Supplies		360,807	
USDA - Commodities		52,531	
Other Supplies and Materials		37,452	
In Service/Staff Development		4,850	
Other Charges		16,306	
Food Service Equipment		7,036	
Total Food Service			\$ <u>837,176</u>

Total Central Cafeteria Fund \$ 837,176

Total Governmental Funds - Houston County School Department \$ 13,233,199

Exhibit J-9

Houston County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2019

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 545,933
Total Cash Receipts	<u>\$ 545,933</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 540,474
Trustee's Commission	5,459
Total Cash Disbursements	<u>\$ 545,933</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Houston County Mayor and
Board of County Commissioners
Houston County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Houston County's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 24, 2020. Our report on the business-type activities and the Houston County Community Hospital major enterprise fund was adverse due to not including the financial statements of the Houston County Community Hospital, which had not been made available by other auditors as of the date of this report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Houston County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Houston County's internal control. Accordingly, we do not express an opinion on the effectiveness of Houston County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2019-001, 2019-002, and 2019-005.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency, described in the accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency: 2019-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Houston County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2019-003, 2019-004, and 2019-007.

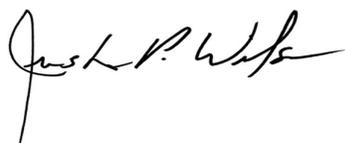
Houston County's Responses to the Findings

Houston County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Houston County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houston County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 24, 2020

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Houston County Mayor and
Board of County Commissioners
Houston County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Houston County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Houston County's major federal programs for the year ended June 30, 2019. Houston County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Houston County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Houston County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Houston County's compliance.

Opinion on Each Major Federal Program

In our opinion, Houston County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Houston County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Houston County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Houston County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

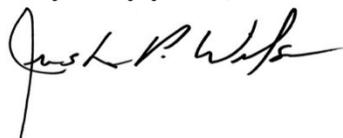
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Houston County's basic financial statements. We issued our report thereon dated February 24, 2020. Our report on the business-type activities and the Houston County Community Hospital major enterprise fund financial statements was adverse due to not including the financial statements of the Houston County Community Hospital, which had not been made available by other auditors as of the date of this report. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 24, 2020

JPW/kp

Houston County, Tennessee, and the Houston County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2019

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	\$ 146,982
National School Lunch Program	10.555	N/A	\$ 352,563 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 52,531 (5)
Direct Program:			
Community Facilities Loans and Grants Cluster: (3)			
Community Facilities Loans and Grants	10.766	N/A	\$ 24,000
Total U.S. Department of Agriculture			<u>\$ 576,076</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)			
Total U.S. Department of Defense	12.U01	N/A	<u>\$ 2,633 (6)</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	33004-56517	\$ 48,561
Total U.S. Department of Housing and Urban Development			<u>\$ 48,561</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements			
Total U.S. Department of Transportation	20.607	Z-18-THS147	<u>\$ 3,840</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States			
Total U.S. Institute of Museum and Library Services	45.310	LS-00-19-0043-19	<u>\$ 568</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies			
Special Education Cluster: (3)	84.010	N/A	\$ 397,321
Special Education - Grants to States			
Special Education - Grants to States	84.027	N/A	438,153
Special Education - Preschool Grants	84.173	N/A	20,428
Career and Technical Education - Basic Grants to States	84.048	N/A	61,050
Rural Education	84.358	N/A	30,882
Supporting Effective Instruction State Grant	84.367	N/A	39,153
Student Support and Academic Enrichment Program	84.424	N/A	1,065
Total U.S. Department of Education			<u>\$ 988,052</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Assistance to Firefighters Grant			
Homeland Security Grant Program	97.044	EMW-2017-FO-05762	\$ 107,146
Total U.S. Department of Homeland Security	97.067	34101-13119	<u>\$ 274</u>
			<u>\$ 107,420</u>
Total Expenditures of Federal Awards			<u>\$ 1,727,150</u>

(Continued)

Houston County, Tennessee, and the Houston County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Early Childhood Education - State Department of Education	N/A	(4)	\$ 311,827
Coordinated School Health - State Department of Education	N/A	(4)	89,381
Family Resource Center - State Department of Education	N/A	(4)	29,080
Safe Schools - State Department of Education	N/A	(4)	59,447
Supporting Postsecondary Access in Rural Counties (SPARC) - State Department of Education	N/A	(4)	75,000
Vocational Rehabilitation - State Department of Education	N/A	(4)	16,822
ACT/EXP - State Department of Education	N/A	(4)	38,348
Alternative Breakfast Grant - State Department of Education	N/A	(4)	10,000
Airport Maintenance Program - State Department of Transportation	N/A	40100-00619	3,295
Work Based Learning Grant - State Department of Economic and Community Development	N/A	(4)	6,555
Local Park and Recreation Fund (LPRF) Grant - State Department of Economic and Community Development	N/A	32701-03159	63,242
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	34360-68019	20,000
Archives Grant - Tennessee Secretary of State	N/A	(4)	3,100
State Supplement - State Department of Children's Services	N/A	35910-10137	9,000
Litter Grant - State Department of Transportation	N/A	40100-00719	28,648
Total State Grants			<u>\$ 763,745</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Houston County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$552,076; Community Facilities Loans and Grants Cluster total \$24,000; and Special Education Cluster total \$458,581.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$405,094.
- (6) During the year ended June 30, 2019, Houston County received excess military equipment from the U.S. Department of Defense valued at \$2,633.

Houston County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Houston County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2018	179	2018-001	The General and General Debt Service Funds Required Material Audit Adjustments for Proper Financial Presentation	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	180	2018-002	The Office had Deficiencies in Budget Operations	N/A	Corrected
2018	181	2018-003	The Office did not File a Report on Debt Obligation with the State Comptroller's Office in Timely Manner	N/A	Corrected
<u>OFFICE OF ROAD SUPERINTENDENT</u>					
2018	181	2018-004	Highway/Public Works Fund Appropriations Exceeded Estimated Available Funding	N/A	Corrected
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2018	182	2018-005	A Lease-Purchase Agreement was not Issued in Compliance with State Statutes	N/A	Corrected
<u>OFFICE OF GENERAL SESSIONS AND JUVENILE COURTS CLERK</u>					
2018	183	2018-006	The General Sessions and Juvenile Courts Execution Docket Trial Balances did not Reconcile with Cash Journal Accounts	N/A	Corrected
<u>OFFICE OF SHERIFF</u>					
2018	183	2018-007	The Office had Accounting Deficiencies	N/A	Corrected
<u>AMBULANCE SERVICE AND OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS</u>					
2018	185	2018-008	Duties were not Segregated Adequately	N/A	Register of Deeds: Corrected; Other Offices: Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

HOUSTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the business-type activities and the Houston County Community Hospital Fund major enterprise fund is adverse. Our report on the governmental activities, the aggregate discretely presented component units, each major fund (except for the Houston County Community Hospital Fund), and the aggregate remaining fund information is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF COUNTY MAYOR

FINDING 2019-001

THE GENERAL AND GENERAL DEBT SERVICE FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2019, certain general ledger account balances in the General and General Debt Service funds were not materially correct, and audit adjustments totaling \$447,483 and \$127,392, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Houston County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. This deficiency is also the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plan. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Houston County should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We agree with the finding.

FINDING 2019-002

**THE GENERAL DEBT SERVICE FUND HAD A DEFICIT
IN UNASSIGNED FUND BALANCE AT JUNE 30, 2019**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The General Debt Service Fund had a deficit in unassigned fund balance of \$109,627 at June 30, 2019. This deficit resulted primarily from the recognition of a \$200,000 liability for interfund revenue anticipation notes that were not retired by June 30, 2019, as noted in Finding 2019-003. This deficiency exists due to a lack of management oversight and financial difficulties at the county.

RECOMMENDATION

Officials should liquidate the deficit in unassigned fund balance in the General Debt Service Fund.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We agree with the finding.

FINDING 2019-003

**REVENUE ANTICIPATION NOTES WERE NOT
RETIRED BEFORE THE CLOSE OF THE FISCAL YEAR**

(Material Noncompliance Under *Government Auditing Standards*)

During the year under examination, the Special Purpose Fund borrowed \$500,000 from Farmers and Merchants Bank in the form of a revenue anticipation note to provide cash flow for the operations of the Special Purpose Fund. Additionally, the General Debt Service Fund borrowed \$200,000 from the General (\$124,850), Solid Waste/Sanitation (\$10,000), Special Purpose (\$15,650), and General Capital Projects (\$49,500) funds in the form of interfund revenue anticipation notes to provide cash flow for the operations of the General Debt Service Fund. These notes were not retired by June 30, 2019. Section 9-21-801, *Tennessee Code Annotated*, provides that revenue anticipation notes shall mature not later than the close of the fiscal year issued. Pursuant to Section 9-21-801, *Tennessee Code Annotated*, the Comptroller's Division of Local Government Finance approved an extension of the maturity date by one year to June 30, 2020. Subsequent to June 30, 2019, the Comptroller's Division of Local Government Finance approved another extension of the revenue anticipation notes and an assignment of the \$500,000 note to another outside lender, the Tennessee County Services Loan Program, to be repaid over an additional five-year period, with a final maturity date of March 1, 2025. As a result, this liability has been recognized in the long-term debt section in the financial statements of this report. The county also received approval to extend the maturity date of its \$200,000 revenue anticipation notes, which are reflected in the financial statements of this report as Due from Other Funds in the General, Solid Waste/Sanitation, Special Purpose, and General Capital Projects funds and as Due to Other Funds in the General Debt Service Fund. This deficiency was the result of a lack of management oversight and financial difficulties at the county.

RECOMMENDATION

Revenue anticipation notes should be retired prior to the end of the fiscal year issued as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We agree with the finding.

FINDING 2019-004

FUNDS WERE TRANSFERRED FROM THE GENERAL FUND TO THE GENERAL DEBT SERVICE FUND WITHOUT COUNTY COMMISSION APPROVAL
(Noncompliance Under *Government Auditing Standards*)

The General Fund transferred \$55,000 to the General Debt Service Fund without the approval of the county commission. Section 5-9-401, *Tennessee Code Annotated*, provides that “all funds from whatever source derived, including, but not limited to, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These funds were transferred by management on July 26, 2018, to prevent a cash overdraft and provide funding for the 2018-19 budget year. This amount has been reflected in the financial statements of this report as Due from Other Funds in the General Fund and as Due to Other Funds in the General Debt Service Fund at June 30, 2019.

RECOMMENDATION

All transfers between funds should be approved by the county commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We agree with the finding.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

FINDING 2019-005

APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS
(Internal Control - Material Weakness Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the county commission for the Special Purpose, Drug Control, and Central Cafeteria funds resulted in appropriations exceeding estimated available funding by \$349,030, \$158,652, and \$12,000, respectively. Sound

budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We agree with the finding.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with the finding and will monitor appropriations to ensure they do not exceed available funds.

AMBULANCE SERVICE AND OFFICES OF COUNTY CLERK AND CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2019-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees at the Ambulance Service and in the Offices of County Clerk and Circuit, General Sessions, and Juvenile Courts Clerk. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, disbursing, and/or reconciling bank statements. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We agree with the finding.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with the audit finding. I do not have the funds available in my budget to hire additional employees.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURT CLERK

I concur with the audit finding.

AUDITOR'S COMMENT

The Comptroller's Office and the County Technical Assistance Service have provided guidelines to assist officials in properly segregating duties. These guidelines include suggestions for small offices with as few as two employees. We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, duties should be segregated to the extent possible.

HOUSTON COUNTY

FINDING 2019-007

HOUSTON COUNTY EMERGENCY MEDICAL SERVICES AND HOUSTON COUNTY COMMUNITY HOSPITAL ARE CURRENTLY BEING INVESTIGATED
(Noncompliance Under *Government Auditing Standards*)

Investigations are ongoing of the Houston County Emergency Medical Services and the Houston County Community Hospital by the Comptroller's Division of Investigations. Findings, if any, resulting from the investigations will be included in a subsequent report.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Houston County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
----------------	------------------	------------------------------------

OFFICE OF COUNTY MAYOR

2019-001	The General and General Debt Service Funds Required Material Audit Adjustments for Proper Financial Statement Presentation	189
2019-002	The General Debt Service Fund had a Deficit in Unassigned Fund Balance at June 30, 2019	190
2019-003	Revenue Anticipation Notes were not Retired Before the Close of the Fiscal Year	191
2019-004	Funds were Transferred from the General Fund to the General Debt Service Fund Without County Commission Approval	192

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

2019-005	Appropriations Exceeded Estimated Available Funds - County Mayor	193
2019-005	Appropriations Exceeded Estimated Available Funds - Director of Schools	195

AMBULANCE SERVICE AND OFFICES OF COUNTY CLERK AND CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

2019-006	Duties were not Segregated Adequately - Ambulance Service	194
2019-006	Duties were not Segregated Adequately - County Clerk	196
2019-006	Duties were not Segregated Adequately - Circuit, General Sessions, and Juvenile Courts Clerk	197



Houston County Courthouse
P.O. Box 366 Erin, Tennessee 37061

JAMES BRIDGES
County Mayor
Houston County, Tennessee

James.Bridges@hocotn.com
Phone: 931-289-3633
Fax: 931-289-2799

Corrective Action Plan

**FINDING: THE GENERAL AND GENERAL DEBT SERVICE FUNDS
REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR
PROPER FINANCIAL STATEMENT PRESENTATION**

Response and Corrective Action Plan Prepared by:
Vena Fredricks, Executive Assistant to the Mayor

Person Responsible for Implementing the Corrective Action:
James Bridges, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2020.

Repeat Finding:
Yes

Reason Corrective Action was not Taken in the Prior Year:
New administration took office on 9/1/18 and is working to get issues corrected.

Planned Corrective Action:
Both General and General Debt Service funds will be monitored throughout the fiscal year to ensure our general ledgers are materially correct.


James Bridges, Houston County Mayor

"This institution is an equal opportunity provider and employer"



Houston County Courthouse
P.O. Box 366 Erin, Tennessee 37061

JAMES BRIDGES
County Mayor
Houston County, Tennessee

James.Bridges@hocotn.com
Phone: 931-289-3633
Fax: 931-289-2799

FINDING: THE GENERAL DEBT SERVICE FUND HAD A DEFICIT IN UNASSIGNED FUND BALANCE AT JUNE 30, 2019

Response and Corrective Action Plan Prepared by:
Vena Fredricks, Executive Assistant to the Mayor

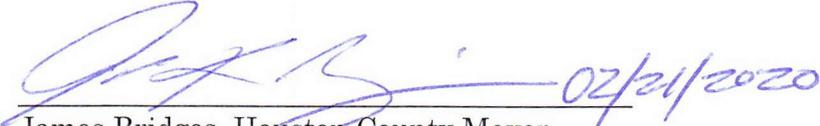
Person Responsible for Implementing the Corrective Action:
James Bridges, County Mayor

Anticipated Completion Date of Corrective Action:
June 30, 2020.

Repeat Finding:
No

Reason Corrective Action was not Taken in the Prior Year:
N/A

Planned Corrective Action:
Expenditures will be monitored to ensure they do not exceed available amounts.


James Bridges, Houston County Mayor

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Fax: 931-289-2799

**FINDING: REVENUE ANTICIPATION NOTES WERE NOT
RETIRED BEFORE THE CLOSE OF THE FISCAL YEAR**

Response and Corrective Action Plan Prepared by:

Vena Fredricks, Executive Assistant to the Mayor

Person Responsible for Implementing the Corrective Action:

James Bridges, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2020.

Repeat Finding:

No

Reason Corrective Action was not Taken in the Prior Year:

N/A

Planned Corrective Action:

A plan is in place and has been approved by the Comptroller's Office to repay these debts over the next five years.

 02/21/2020
James Bridges, Houston County Mayor

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JAMES BRIDGES

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Houston County, Tennessee

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Fax: 931-289-2799

FINDING:

FUNDS WERE TRANSFERRED FROM THE GENERAL FUND TO THE GENERAL DEBT SERVICE FUND WITHOUT COUNTY COMMISSION APPROVAL

Response and Corrective Action Plan Prepared by:

Vena Fredricks, Executive Assistant to the Mayor

Person Responsible for Implementing the Corrective Action:

James Bridges, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2020.

Repeat Finding:

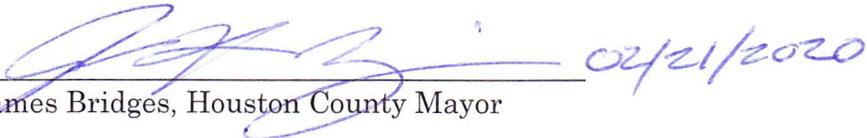
No

Reason Corrective Action was not Taken in the Prior Year:

N/A

Planned Corrective Action:

This transfer was made by the previous administration without county commission approval. Our administration understands the need for county commission approval for transfers.


James Bridges, Houston County Mayor

"This institution is an equal opportunity provider and employer"



JAMES BRIDGES

County Mayor
Houston County, Tennessee

James.Bridges@hocotn.com

Phone: 931-289-3633

Fax: 931-289-2799

**FINDING: APPROPRIATIONS EXCEEDED ESTIMATED
AVAILABLE FUNDING IN THE SPECIAL PURPOSE
AND DRUG CONTROL FUNDS**

Response and Corrective Action Plan Prepared by:

Vena Fredricks, Executive Assistant to the Mayor

Person Responsible for Implementing the Corrective Action:

James Bridges, County Mayor

Anticipated Completion Date of Corrective Action:

June 30, 2020.

Repeat Finding:

No

Reason Corrective Action was not Taken in the Prior Year:

N/A

Planned Corrective Action:

New administration took office on 9/1/18, after this budget was completed. Clerical errors were made in the final draft of this budget and not all the errors were caught and corrected. Administration will ensure accuracy and that every budget is balanced and appropriations are not exceeded by expenditures in any fund.

James Bridges, Houston County Mayor



JAMES BRIDGES
County Mayor
Houston County, Tennessee

James.Bridges@hocotn.com
Phone: 931-289-3633
Fax: 931-289-2799

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE AMBULANCE SERVICE

Response and Corrective Action Plan Prepared by:
Stephen Graybill, Ambulance Director

Person Responsible for Implementing the Corrective Action:
Stephen Graybill, Ambulance Director

Anticipated Completion Date of Corrective Action:
June 30, 2020.

Repeat Finding:
Yes

Reason Corrective Action was not Taken in the Prior Year:
The new administrative assistant replacement will be trained appropriately so that duties can be segregated adequately.

Planned Corrective Action:

A list of duties for Ambulance Administration work will be compiled listing which employee is responsible for what task and will ensure internal controls are followed in this two-person office.

Stephen Graybill, EMS Director

P.O. Box 209
Erin, Tennessee 37061
Telephone: (931) 289-4148
Fax: (931) 289-5543

Houston County
BOARD OF EDUCATION



KRIS McASKILL, *Director*
JEFF MATHIS, *Board Chairman*

Corrective Action Plan

FINDING 2019-001: APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE CENTRAL CAFETERIA FUND

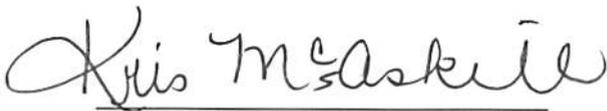
Response and Corrective Action Plan Prepared by:
Kris McAskill, Director of Schools

Person Responsible for Implementing the Corrective Action:
Kris McAskill, Director of Schools

Anticipated Completion Date of Corrective Action:
June 30, 2020

Repeat Finding:
No

Planned Corrective Action:
Going forward, we will make sure appropriations do not exceed estimated available funds.



Kris McAskill
Director of Schools

Corrective Action Plan

FINDING 2019-001: DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF COUNTY CLERK

Response and Corrective Action Plan Prepared by:

Robert Brown, County Clerk

Person Responsible for Implementing the Corrective Action:

Robert Brown, County Clerk

Anticipated Completion Date of Corrective Action:

Not in the near future.

Repeat Finding:

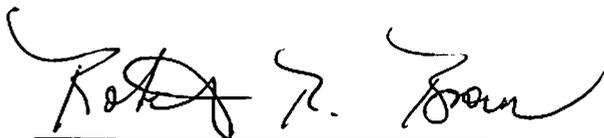
Yes

Reason Corrective Action was not Take in the Prior Year:

Funding is not available to hire enough additional employees to correct finding. There are two employees, one full-time and one part-time.

Planned Corrective Action:

No plans due to lack of funds for hiring additional employees and present personnel schedules.



Robert Brown, County Clerk



Houston County
CIRCUIT, GENERAL SESSIONS
& JUVENILE COURTS

P.O. Box 414 • Erin, Tennessee 37061 • Telephone: (931) 289-4673

Corrective Action Plan

FINDING 2019-001: DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:

Donna S. Vincent, Circuit, General Sessions, & Juvenile Court Clerk

Person Responsible for Implementing the Corrective Action:

Donna S. Vincent, Circuit, General Sessions, & Juvenile Court Clerk

Anticipated Completion Date of Corrective Action:

This issue has already been corrected after discussion.

Repeat Finding:

No

Planned Corrective Action:

The deputy clerk will be opening the bank statements and reviewing before the clerk balances the bank statements. Also, after the bank statements have been reconciled, the deputy clerk will be reviewing and checking for errors, initialing and dating that everything looks correct.

Donna S. Vincent 2-20-2020

Donna S. Vincent, Circuit, General Sessions, & Juvenile Court Clerk

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Houston County.

HOUSTON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Houston County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.